A8916-1-U

1989 Guide to Industrial and Office Real Estate Markets

Includes 1988 Market Review and 1989 Forecast

Society of Industrial and Office REALTORS®
of the National Association of REALTORS®
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202/383-1150

The Guide to Industrial and Office Real Estate Markets is intended for use as a preliminary overview of a variety of real estate markets throughout the world, primarily in the United States. Information presented is from sources deemed reliable. SIOR and its membership are not responsible for any discrepancies that might occur from comparisons made to previous years' publications. The methods for reporting industrial and office information vary with each market area and each chosen respondent. Information presented is not intended for use as the final authority on the markets presented, and SIOR urges its readers to pursue a more thorough and rigorous investigation of individual markets, as required.

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ISBN 0-939623-21-8

ACKNOWLEDGEMENTS

The *1989 Guide to Industrial and Office Real Estate Markets* is a joint research effort of the Society of Industrial and Office REALTORS® and the Division of Economics and Research of the National Association of REALTORS®.

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FOREWORD

by
John A. Tuccillo
Chief Economist and
Senior Vice President
Real Estate Finance
for the National Association of REALTORS®

It is a pleasure to present the Society of Industrial and Office REALTORS®' *1989 Guide to Industrial and Office Real Estate Markets.* The report is based on surveys of industrial and office markets across the country, conducted by SIOR and the Division of Economics and Research of the National Association of REALTORS®. We believe it is one of the most comprehensive analyses of commercial and industrial real estate markets available.

The economy enters 1989 with a great deal of momentum. Having shaken off the effects of the stock market crash of 1987, the economy grew as strongly in 1988 as at any time in this current expansion. Recent prosperity had been propelled by housing and consumption factors. Currently the economy is being fueled by a strong manufacturing sector. The falling dollar has pushed up export production and enabled the Rust Belt, long bypassed in this expansion, to join in the growth.

But tugging against the growth machine is a stubbornly restrictive monetary policy, generated by a Federal Reserve Board intent on preempting any significant rise in the rate of inflation. As a result, interest rates have moved up, and will continue to move up through the first half of 1989. The Fed policy has been encouraged and supported by the nation's financial markets. Increasingly, conservative forces are dominating the markets. To some extent, this reflects increased foreign ownership as well as a retreat from an atmosphere of insider trading, junk bonds, and leveraged buyouts. In both cases, it means a market with strong concerns about potential inflation.

These concerns also bear on the fiscal landscape. Clearly, financial markets expect the Bush Administration to provide "downpayment" on the fiscal responsibility in the form of a $30-50 billion reduction in the Federal budget deficit. This is a formidable task made all the more difficult by the costly nature of the crisis affecting our savings institutions. Yet the ability of the Congress and the Administration to reach an agreement that satisfies financial markets is the key to the economy in the second half of the year. Achievement of this end will renew the expansion; failure will hasten the danger of recession.

When all of this is combined, we can expect 1989 to have slower growth than 1988. Overall, growth should be down by one half of a point, to between 2.0 to 2.5 percent, owing to the Fed's policy. Interest rates will rise through May, stabilize and then turn down a bit. The Fed will lick inflation. Consumer prices will increase by about 4.7 percent for the year. Barring a complete budget stalemate, there will be no recession this year. The economic expansion will reach its seventh anniversary and move into an eighth year.

The real estate sector will reflect the general trend of the economy. Where stabilization was the order in 1988, we expect to see some moderate growth during 1989. This is particularly true in the manufacturing sector and in the Midwest, where the falling dollar has had a significantly positive impact. With capacity utilization very high in many industries, we can look for selected surges in industrial real estate activity.

Finally, most investment real estate markets will continue to be bolstered by foreign investment. The trade deficit persists, and through it we are putting significant numbers of dollars into the world pipeline. These dollars can ultimately be spent only in the U.S. Not only is the devalued dollar attractive, but American real estate prices are lower than those abroad. So we have and will continue to see foreign purchases of U.S. commercial real estate. Our studies indicate that this type of investment increased in 1988 and will be a fact of life in 1989.

ABOUT SIOR

The Society of Industrial and Office REALTORS® (SIOR) is a professional affiliate of the National Association of REALTORS®. The Society's 1,800 members in the U.S., Canada, and abroad specialize in serving industry throughout the world.

SIOR is comprised of a worldwide network of industrial and office real estate specialists with more than 1,000 cooperating offices in over 350 cities. Members work with each other to meet the needs of industrial and office property owners, users, and investors.

For a complimentary directory of SIOR members, call or write:

Society of Industrial and Office REALTORS®
777 Fourteenth Street, N.W.
Suite 400
Washington, D.C. 20005-3271
202/383-1150

ABOUT THE SURVEY

SIOR presents its 1989 edition of the *Guide to Industrial and Office Real Estate Markets*, and annual report of market data compiled by a select group of **SIOR** members in major metropolitan areas in the U.S., Canada, and abroad. A total of 169 respondents reported on industrial markets and 139 respondents reported on office markets.

This publication includes a detailed **review and forecast** of both industrial and office real estate markets, as well as an analysis of economic trends and their affect on industrial and office markets. A detailed analysis of the industrial and office markets in the U.S. is presented on pages 17 through 39 .

In addition, the survey is intended to be a general overview of market conditions in individual market areas. Data are based on the respondents' own experience and transactions in their markets, as well as on information from a variety of other sources (see page xxiii).

In many cases, **SIOR** respondents consulted brokers, lenders and other specialists in their areas to determine the most accurate and up-to-date data available. In all cases, statistics reflect the particular market conditions prevailing as viewed by the respondents in their specific areas at the time they submitted their completed questionnaires, on or about December 31, 1988.

For each industrial market, you will find the following information:

- Demographic statistics
- 1988 review and 1989 forecast
- Industrial market characteristics
- Dollar volume of sales and leases compared to one year ago
- Sales prices of prime industrial buildings
- Sales prices of prime industrial sites
- Annual lease prices of prime industrial buildings
- Rate of new construction compared to a year ago
- Construction costs of prime industrial buildings
- Vacancy situation for prime industrial properties
- Composition of absorption
- Financing for industrial properties
- Outlook for industrial real estate

A complete reproduction of the questionnaire used for the industrial survey begins on page 177.

For each office market, you will find the following information:

- Demographic statistics
- 1988 review and 1989 forecast
- Office market characteristics
- Levels of absorption
- New construction activity
- Gross rental rates for both Class A and Class B buildings
- Dollar value of standard work letter
- Parking ratios
- Utility rates
- Operating costs escalation
- Leasing activity profile
- Outlook for office properties
- A complete reproduction of the questionnaire used for the office survey begins on page 313 .

GLOSSARY OF TERMS

Demographics

Population. Figures are for 1987 and are based on information from Data Resources and National Planning Corporation.

Population Growth Rate. This is the average annual percent change forecasted in populations between 1988 and 1989. Figures are based on data from Data Resources.

Employment Growth Rate. This is the average annual percent change in employment between 1987 and 1988. Figures are based on data from the Bureau of Labor Statistics.

Unemployment Rate. Figures are for December 1988 and are based on data from the Bureau of Labor Statistics.

Rank by Population. This ranks the population against other U.S. Metropolitan areas.

Median Household Income. Figures are based on data from National Planning Corporation.

Rank by Income. This ranks the median household income against other Metropolitan areas.

Cost of Living. This is based on data from Data Resources..

Rank by Cost of Living. This ranks costs of living against other U.S. Metropolitan areas.

Industrial Markets

Central City versus Suburbs. Since the definition of urban and suburban varies widely from city to city, it is the responsibility of the individual market survey respondent to reflect his or her area's particular characteristics.

Construction Costs. Construction costs should reflect only hard construction costs such as general contractor, overhead, and profit, but exclude architectural and engineering fees, financing fees, and mortgage/brokerage fees for both construction and permanent financing.

Lease Prices. A gross lease is one in which the tenant's rent includes real estate taxes, fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls. A net lease is one in which the tenant assumes the operating expenses of the leased premises.

Improved Sites. These sites are in the top 25 percent of overall desirability of the existing inventory. Such sites are in a "ready-to-build" condition and are essentially level and graded and serviced with all necessary utilities. Rail service may or may not be available.

Unimproved Sites. These sites are also in the top 25 percent of overall desirability of the existing inventory and zoned for industrial use. Streets and utilities may not yet be installed, but are reasonably close and available. Rail service may or may not be available.

Prime High Technology Building. Generally, high technology (high tech) buildings are 30 percent or more office, fully air-conditioned, 12-18' clear height, have extensive landscaping and parking, and are architecturally impressive. In some areas of the country where high tech industries are not prevalent, this building could be used as a showroom or as pure office. These properties are sometimes called "Flex buildings."

Prime Industrial Building. A prime industrial building is in the top 25 percent of the most desired industrial properties in a given market area. Such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing. (Special purpose buildings are not to be considered in this category.)

Vacancy Rate. Calculated for the country and each region by dividing the total space vacant by the total space in the market. Only completed buildings should be included in the available space inventory.

Office Markets

CBD. Central Business District space located near the historical urban core, commonly associated with traditional government and financial districts in most cities.

OutCBD. Outside the CBD includes both suburban area and "urban clusters" with areas of high office space concentrations which often rival nearby CBD's.

Class A. Excellent locations, high quality tenants, high quality finish, well-maintained, professionally managed, and usually new, or old building that are competitive with new buildings.

Class B. Good location, professionally managed, fairly high quality construction and tenancy. Class B buildings generally show very little functional obsolescence and deterioration.

Current Construction. Total square footage presently under construction includes any space that will be available for occupancy before the end of 1989.

Net Absorption. Net Absorption refers to the net change in occupied stock.

Standard Work Letter. Sometimes called a construction rider, this refers to the work that the landlord will do for the tenant, typically to finish out the interior of the space.

Typical Parking Ratio. The ratio refers to the availability of parking spaces per number of square feet leased by a tenant.

Average Utility Rates. Figures presented are dollars per square foot per year.

Operating Cost Escalation. Operating cost escalation refers to the procedure used to adjust rents over the term of a lease.

Rental Rate Discount Factor. The rental rate discount factor is the cumulative effect of landlord lease concessions on gross rental rates.

INDUSTRIAL SURVEY RESPONDENTS BY COUNTRY AND CITY

CANADA

Calgary, Alberta
Greg Glenn
Royal LePage Commercial
Real Estate Services

Montreal, Quebec
David R. Mills
Services Immobiliers Royal
LePage

Toronto, Ontario
Douglas J. Henderson
Royal LePage Real Estate Services
LTD.
Ramsey Lunan
Coldwell Banker Canada, Inc.

ENGLAND

London
John C. Percival
Edward Rushton Son & Kenyon

FRANCE

Paris
Jean-Claude Bourdais
Boudais, S.A.
Paul-Louis Camizon
Feau-Hampton
Claude Heurteux
Auguste Thouard

MEXICO

Mexico City
Francisco Diaz-Ney
Escorpio Bienes Raices, S.A.

UNITED STATES

Akron, OH
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Jim Cummins Real Estate, Inc.
John F. Herwick
Jim Cummins Real Estate, Inc.

Albany, NY
Jeffrey M. Sperry
Robert Cohn Associates
Robert Cohn
Robert Cohn Associates

Albuquerque, NM
Victor S. Bruno
Vic Bruno Co.
John W. Daly
John W. Daly & Associates, Inc.

Atlanta, GA
George W. Lancaster
Brannen/Goddard Company

Austin, TX
Jerry Heare
Commercial Industrial
Properties Co.
Royce O. Lacey
Commercial Industrial
Properties Co.

Baltimore, MD
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Industrial Realty, Co., Inc.
Robert Oare
Manekin Corporation
John Skoglin
W. C. Pinkard Co., Inc.

Birmingham, AL
H. Michael Graham
Graham & Company, Inc.
Stephen J. Shader
Shader Realty

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Hunneman Commercial Corporation

Bridgeport/Stratford, CT
Edwin R. Lasner
William Pitt Commercial Real Estate
Bruce Wettenstein
Grubb & Ellis Company

Buffalo, NY
Max Becker, Jr.
Gurney, Becker & Bourne, Inc.

Charleston, SC
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Cincinnati, OH
John Condorodis
Chelsea Moore Company
Neal Sundermann
Cline REALTORS

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George Elliott
AGR/Grubb & Ellis
Kenneth L. Fleming
Cragin, Lang, Free, & Smythe, Inc.
William J. Miele
Ostendorf-Morris Company

Columbia, SC
Gorham Boynton
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1988 REVIEW AND 1989 FORECAST

EXECUTIVE SUMMARY

THE ECONOMY

The economy will grow modestly during 1989, but the expansion will be less than in 1988.

A rise in real GNP, net exports, and manufacturing and service industry profit levels will contribute to the modest growth.

Higher inflation and rising interest rates signal the potential for an economic slowdown toward the end of 1989 and into 1990.

Rising interest rates could mean higher inventory carrying costs for manufacturers, possibly causing them to reduce inventories.

Economic indicators suggest that 1989 will be a good year to be cautious.

OFFICE MARKET

The office market continues to be overbuilt throughout the four regions of the country.

The national office market experienced some improvement during 1988. Vacancy rates for the nation and most market areas decreased slightly.

The average vacancy rate based on all central city office space was 15.3 percent.

The average vacancy rate based on all suburban office space was 20.4 percent.

Location and project amenities will be the most important factors affecting the success of office space.

The affordable housing and the available skilled labor force in the South and Midwest will continue to be attractive for corporate relocations.

The supply of office space will continue to exceed demand during 1989.

INDUSTRIAL MARKET

The industrial market was more active in 1988 than in the previous three years. Vacancy rates declined in many markets, and absorption increased.

The increases in net exports, industry production, inventories, and business investment in capital equipment helped to maintain demand for industrial properties.

Demand was greatest for warehouse and distribution properties.

Manufacturing properties experienced moderate increases in sales and lease prices.

High tech space was overbuilt in most of the markets throughout the country.

Demand should continue to be greatest for warehouse space during 1989.

High tech space will continue to remain overbuilt.

The high cost of land and relatively stable lease rates in the Northeast and West will continue to limit new construction of speculative manufacturing space.

1988 REVIEW AND 1989 FORECAST

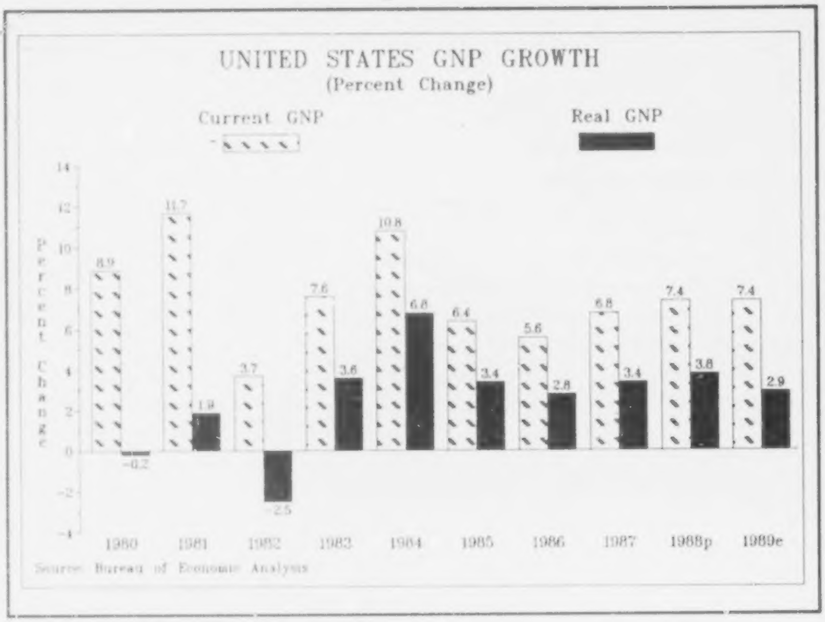
1988 ECONOMIC REVIEW

"Surprisingly good" might be the best way to sum up the economic activity of the U.S. economy during 1988; for 1989, "moderate enhancement" could likely be the appropriate phrase.

The overall level of economic activity for the nation, as measured by the Gross National Product (GNP), is expected to rise by 7.4 percent to more than $5.2 trillion (Figure 1). Although the growth rate will be less than last year, it will still be quite good, especially for an economic expansion which has already lasted seven years. Inflation, as measured by the percentage change in the Consumer Price Index (CPI), was down to 1.1 percent in 1986 (the lowest level in more than two decades) but has now become a concern. Inflation was 4.2 percent in 1988 and is expected to be about five percent in 1989 (Figure 2).

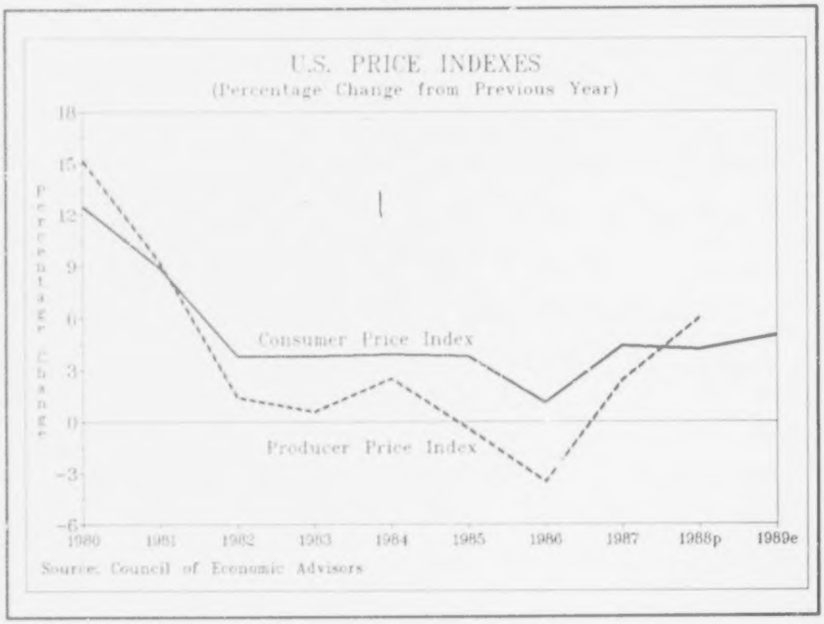
After adjusting for inflation, the real level of goods and services produced will likely rise 2.9 percent. This will be below the rate of the two previous years but equal to the average real growth rate since 1980. The rise in 1989 real GNP will result from moderate changes in each of its four major components: consumption; net exports; government; and investments. Each of these components is expected to change by less than four percent with the exception of net exports.

Figure 1



Source: Bureau of Economic Analysis

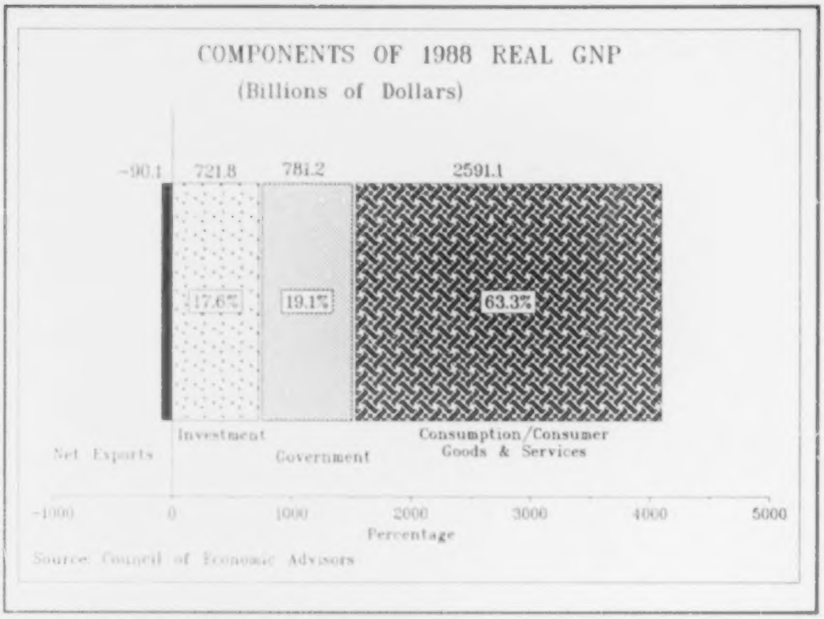
Figure 2



Source: Council of Economic Advisors

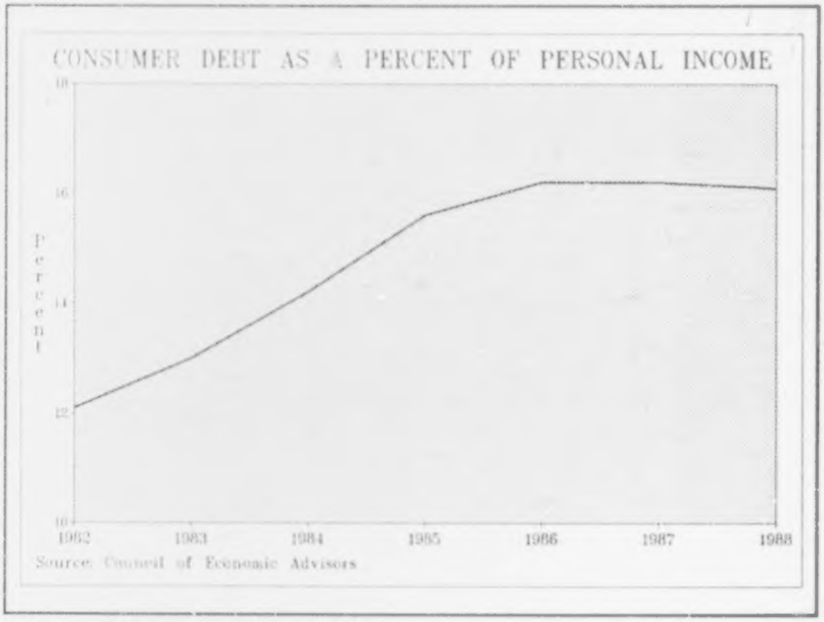
The production of consumer goods and services, as measured by consumption, accounts for nearly two-thirds of total GNP (Figure 3), and its standing has major implications for the entire economy. In the mid-1980s, consumer expenditures were rising at an annual rate of more than 4.5 percent. By contrast, in 1988, the expansion of consumer expenditures was only 2.8 percent and will likely be very near that rate again in 1989. The upside potential for consumer expenditures is limited because of consumers' present high debt load and low savings rate. Since 1982, the ratio of consumer debt to personal income has risen from 12.1 percent to a record high of more than 16 percent (Figure 4). The personal savings rate reached a record low of 3.2 percent in 1987 and rose to 4.2 percent in 1988; the 1989 rate will probably be similar. The consumer debt load cannot considerably increase, and the savings rate cannot drastically decrease; therefore, increases in consumption expenditures will be constrained by increases in income levels and productivity.

Figure 3



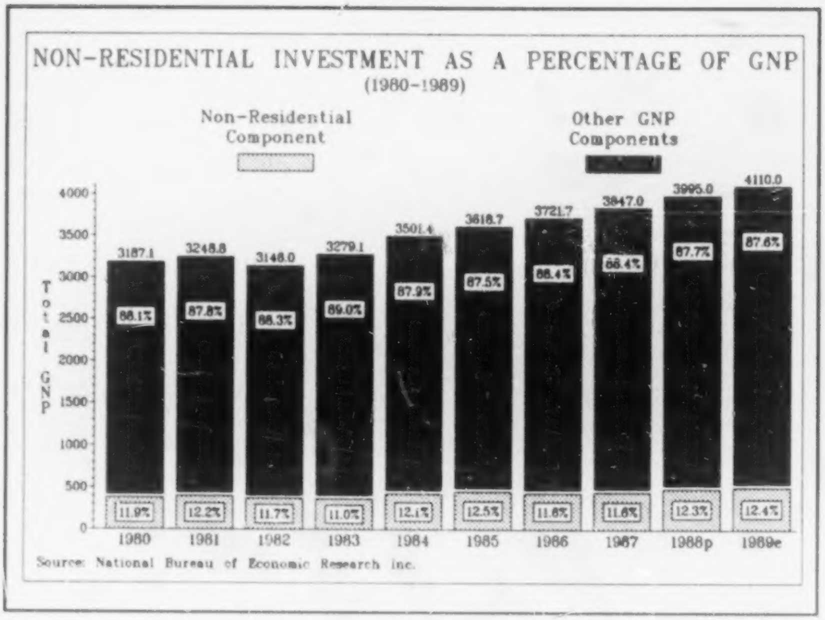
Source: Council of Economic Advisors

Figure 4



Source: Council of Economic Advisors

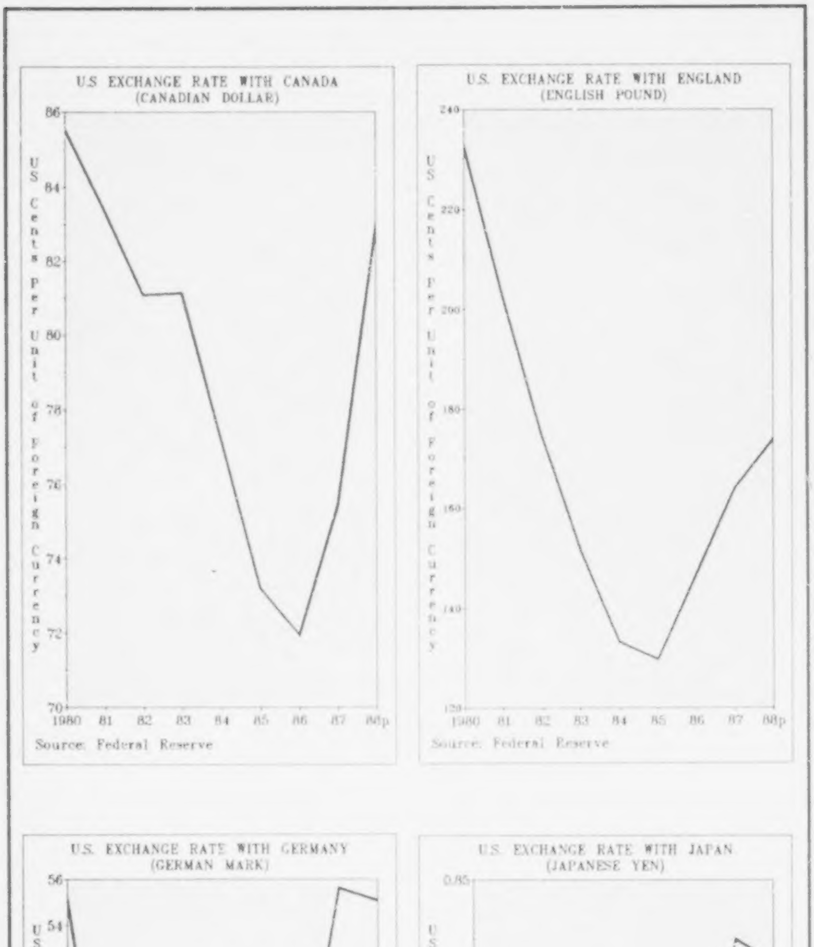
Figure 5



Source: National Bureau of Economic Research inc.

Budgetary pressure on state and local government, as well as the Federal deficit problems, will help prevent the government sector from expanding more than 2.9 percent. Nonresidential investment should be more active. An increase in machinery, equipment, and raw materials could mean additional manufacturing and distribution space might be needed during 1989. An expected four percent growth in nonresidential investment during 1989 would be less than one-half the 1988 rate. This would still account for a substantial portion of the total improvement in GNP (Figure 5).

Figure 6



Source: Federal Reserve

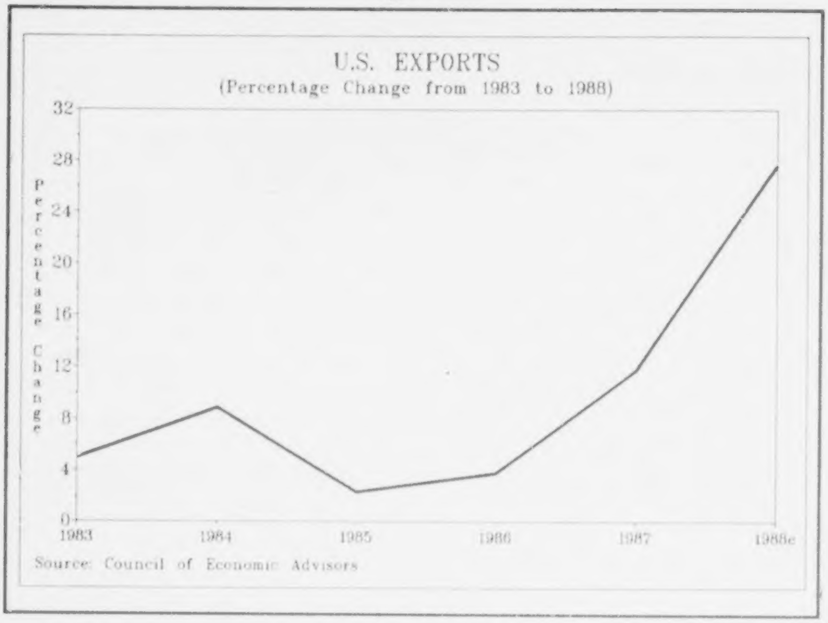
Source: Federal Reserve

Source: Federal Reserve

Source: Federal Reserve

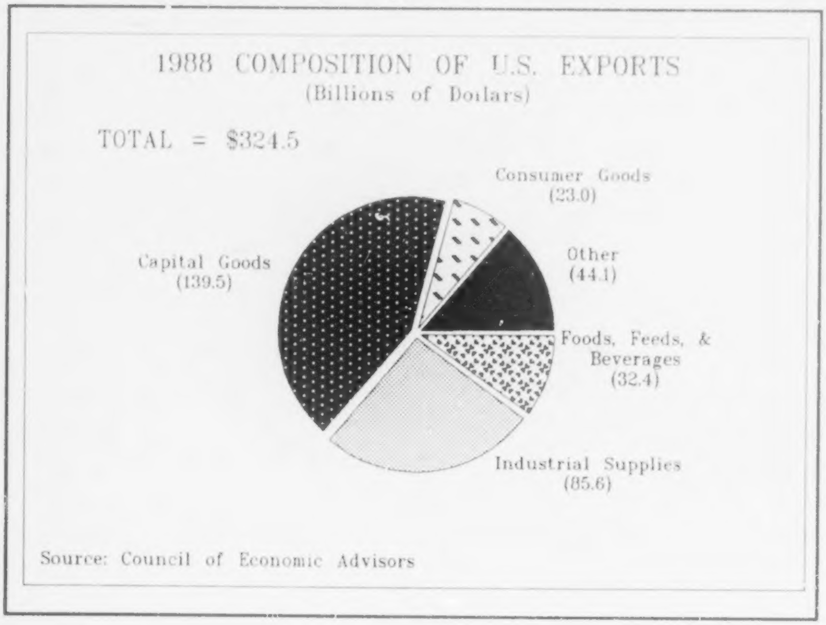
Improved manufacturing productivity and the relatively low price of the dollar in foreign exchange markets (Figure 6) may help shrink the unfavorable U.S. trade balance (imports exceeding exports) by 9.2 percent in 1989, provided interest rates don't rise above their late March levels. Between 1982 and 1989 U.S. exports rose 50 percent, as shown in Figure 7, (unfortunately, imports rose even faster). Based upon 1988 activity (Figure 8) the primary components of these exports were: capital goods (43 percent); industrial supplies and equipment (26 percent); and foods, feeds, and beverages (10 percent).

Figure 7



Source: Council of Economic Advisors

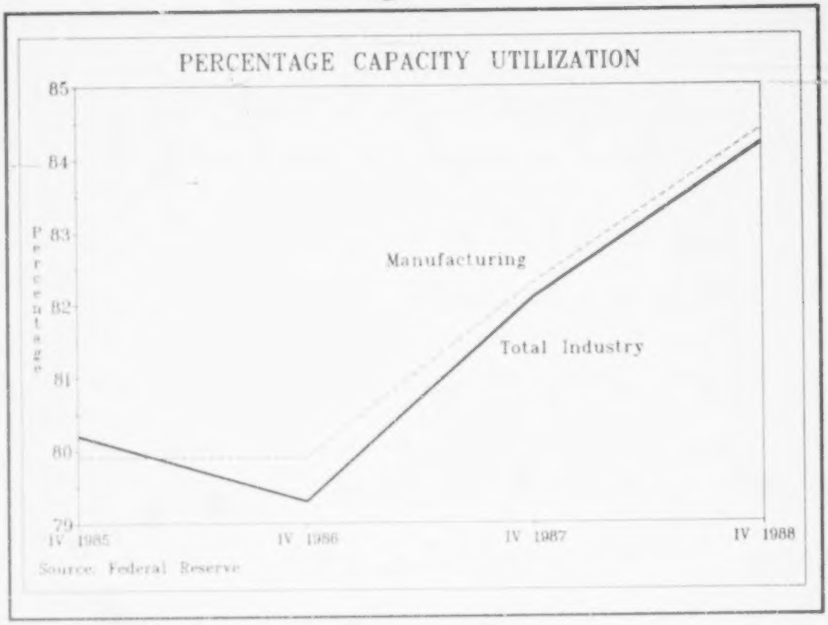
Figure 8



Source: Council of Economic Advisors

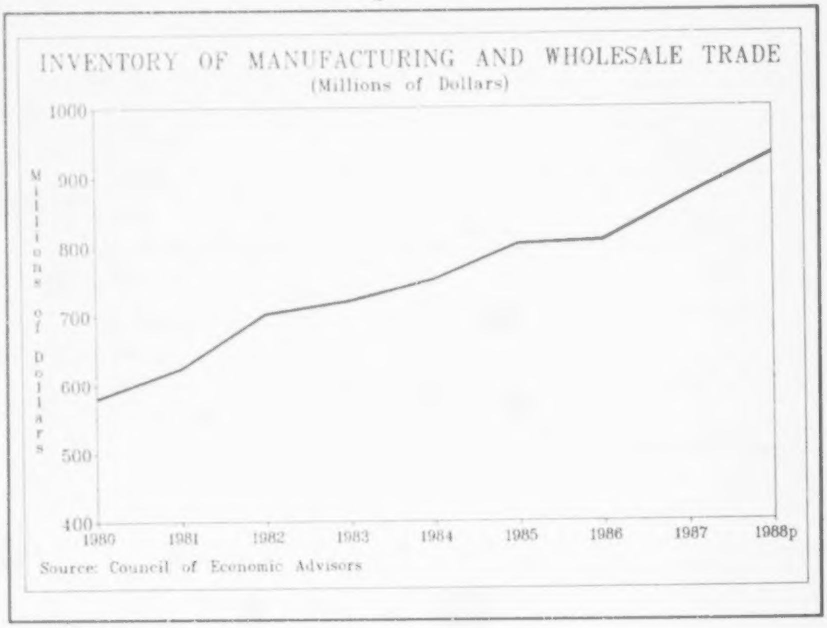
The increased production of items for export and domestic use will probably not be large enough to cause the demand for manufacturing and warehouse facilities to increase above 1988 levels. Industrial production is expected to rise 3.0 percent in 1989 following a 9.6 percent rise last year. This industrial production capacity is probably the maximum that can occur without raising unit costs and fueling inflation. Manufacturing plants are currently operating at a record high 84.4 percent of capacity (Figure 9). The 1988 inventories for manufacturing and wholesale trade were the highest since 1980, almost $950,000,000 (Figure 10). Even so, the expected higher consumer demand and interest carrying costs of inventories could result in lower inventories for the manufacturing and wholesale trade industries toward the end of 1989 and into the early 1990s.

Figure 9



Source: Federal Reserve

Figure 10



Source: Council of Economic Advisors

The outlook varies for each industry. The Department of Commerce expects the greatest growth for "goods producing industries" during 1989 to be in areas involved with production of machinery for metal cutting, paper products and semi-conductor devices. Least growth industries will tend to be related to households and construction;—specifically chemicals, cooking equipment, and steel products. The greatest opportunities for "service producing industries," will be in the high technology areas such as the space industry (space commercialization), computer software and services, and electronics (Table 1).

Interest rates exert a major influence upon economic activity in general and real estate in particular. The financial community is presently experiencing abnormal rate conditions called "inverted yields" which means that the yield on short-term financial obligations (notes and debentures) is higher than for longer term instruments such as bonds (Figure 11). Lenders are therefore more inclined to shift their funds away from long-term real estate investments and into short-term financial assets such as notes and Treasury bills.

The significance of real estate to our economy has been increasing. In the early 1950s all real estate accounted for about 13 percent of total GNP; by 1987 the ratio was up to 16.5 percent. The substantial amount of appreciation and construction that has occurred during the last two years, as well as the increased number of people employed in property management, construction, leasing, and sales, suggest that real estate's share of GNP is currently at least the 1987 level of 16.5 percent.

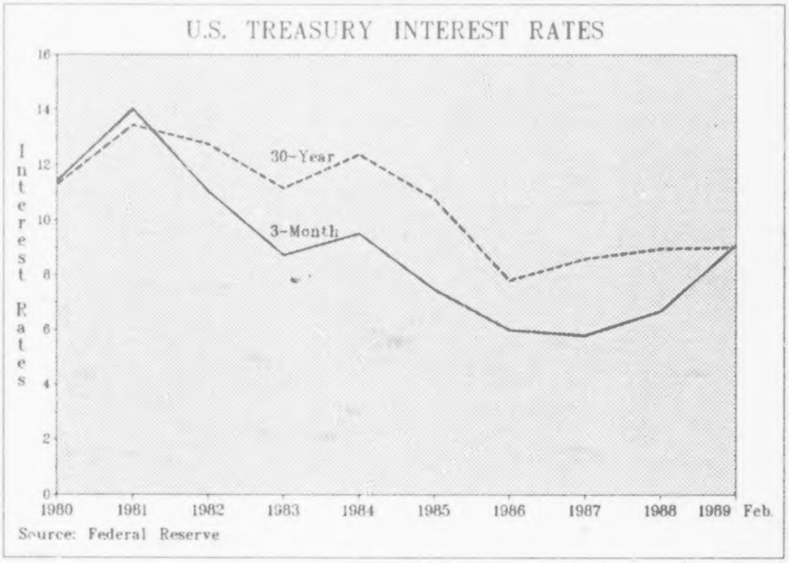
Table 1

Service Producing Industries with Expected High 1989 Growth Rates

	Growth Rate
Space Commercialization	50.0
Computer Software	24.0
Electronic Databases	20.0
Computer Profesional Services	15.5
Prerecorded Music	15.0
Oper. & Maintenance-Security	15.0
Airlines	14.5
Data Processing	13.0
Equipment Leasing	12.0
Oper. & Maintenance – Airlines	11.5
Health Services	10.7
Telephone & Telegraph	8.0

Source: *1989 U.S. Industrial Outlook*, U.S. Dept. of Commerce, Jan. 1989, p. 17.

Figure 11

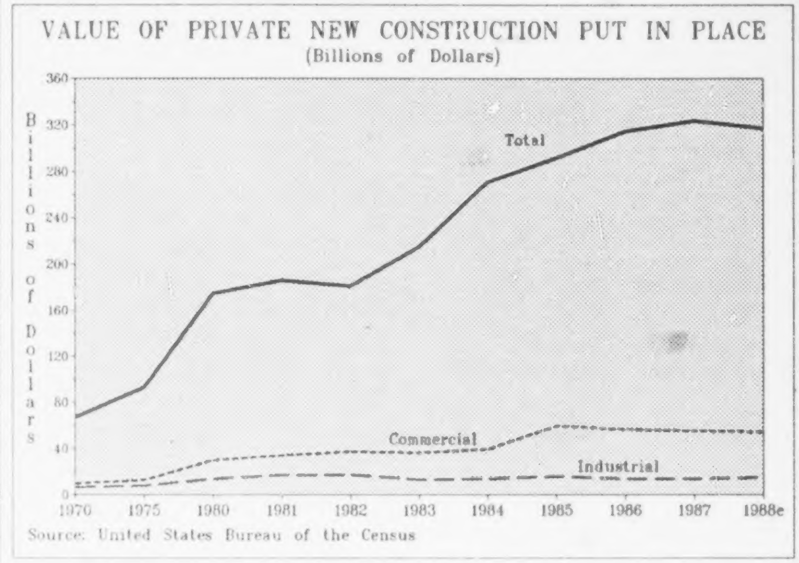


Source: Federal Reserve

The amount of new construction during this decade has been phenomenal by any standard. The value of private new construction put in place in the U.S. between 1980 and 1988 was nearly 2.3 trillion dollars. Housing the baby boomers caused residential construction to account for 56.3 percent of this total. Commercial buildings represented another 17.7 percent while industrial facilities claimed an additional 5.8 percent. The value of all new construction put in place peaked in 1987 at approximately $320 million. The value of new industrial construction put in place during 1989 will likely be near the 1988 level (Figure 12). However, office construction is expected to decline somewhat.

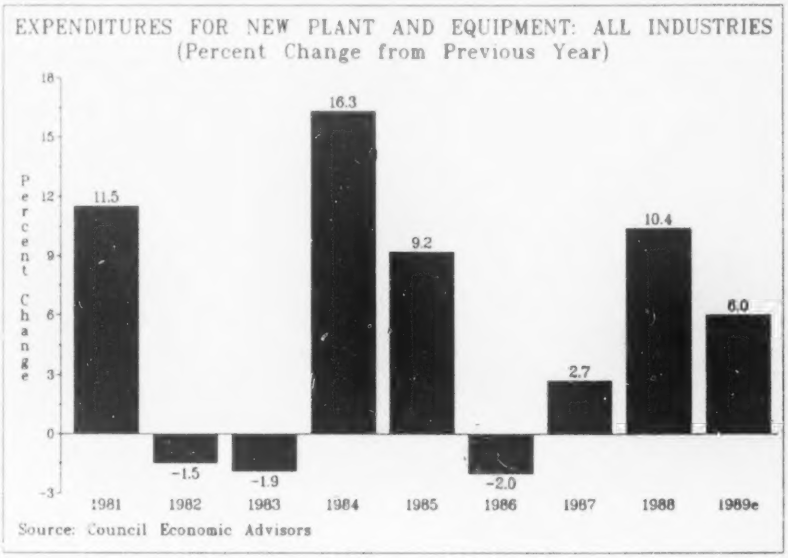
Timing of investments for plant and equipment are volatile. As business improves firms have a choice between making investments in modernization (typically equipment) which can marginally improve productive capacity, or they can invest in new production facilities. As already described, it is expected that industrial construction will be steady at 1988 levels while office construction should decline somewhat. At the same time, a 6.0 percent increase in total plant and equipment expenditures is likely (Figure 13). This is substantially slower investment growth than was recorded in 1988.

Figure 12



Source: United States Bureau of the Census

Figure 13

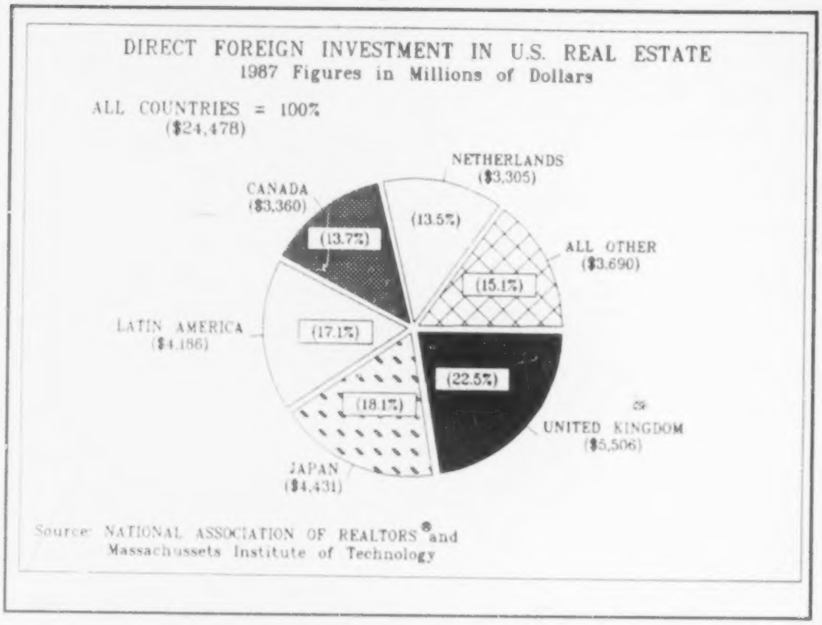


Source: Council Economic Advisors

Annual foreign investment in U.S. real estate increased 67 percent between 1983-87 to over 24 billion dollars (Figure 14).

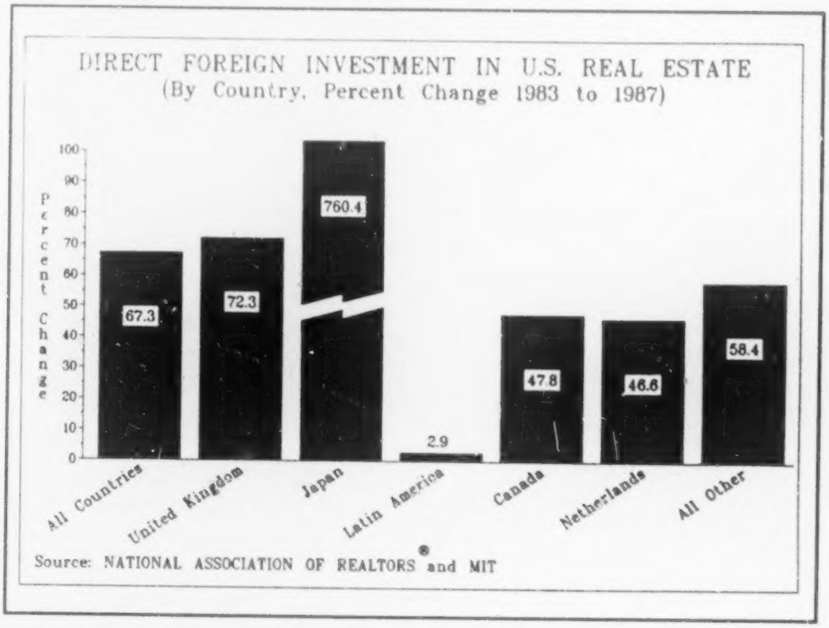
Japanese investors increased their investment in U.S. real estate by over 760 percent, from approximately 500 million dollars in 1983 to 4.4 billion dollars in 1987. This was the largest percentage increase by any foreign country (Figure 15). However, investors from the United Kingdom accounted for more than 5.5 billion dollars of real estate investment. This was the largest in 1987. Japanese investors were second with 4.4 billion dollars, followed by Latin American investors with 4.2 billion dollars. Preliminary figures indicate that United Kingdom investors still held the greatest dollar amount of U.S. real estate during 1988.

Figure 14



Source: NATIONAL ASSOCIATION OF REALTORS® and Massachussets Institute of Technology

Figure 15



Source: NATIONAL ASSOCIATION OF REALTORS® and MIT

1989 NATIONAL ECONOMIC FORECAST

1989 should be a year of modest overall growth:

- Real GNP should rise.
- Exports should rise more than imports which will reduce the negative balance of trade.
- Profit levels in both manufacturing and service industries should rise.

The likelihood of higher inflation and interest rates cause many economists to be concerned about the probability of an economic slowdown in 1990.

Rising interest rates could mean higher inventory carrying costs for manufacturers; this could lead to an attempt to reduce inventories and the need for storage and warehouse space.

1989 will be a good year to be cautious!

U.S. REGIONAL CLASSIFICATIONS FOR THE SIOR GUIDE TO INDUSTRIAL AND OFFICE REAL ESTATE MARKETS

We have analyzed the U.S. industrial and office real estate markets by region of the country, according to the U.S. Census Bureau's four primary regional classifications (Northeast, South, Midwest, and West). The following states are associated with each region:

Northeast

- Connecticut
- Maine
- Massachusetts
- New Hampshire
- New Jersey
- New York
- Pennsylvania
- Rhode Island
- Vermont

South

- Alabama
- Arkansas
- Delaware
- District of Columbia
- Florida
- Georgia
- Kentucky
- Louisiana
- Maryland
- Mississippi
- North Carolina
- Oklahoma
- South Carolina
- Tennessee
- Texas
- Virginia
- West Virginia

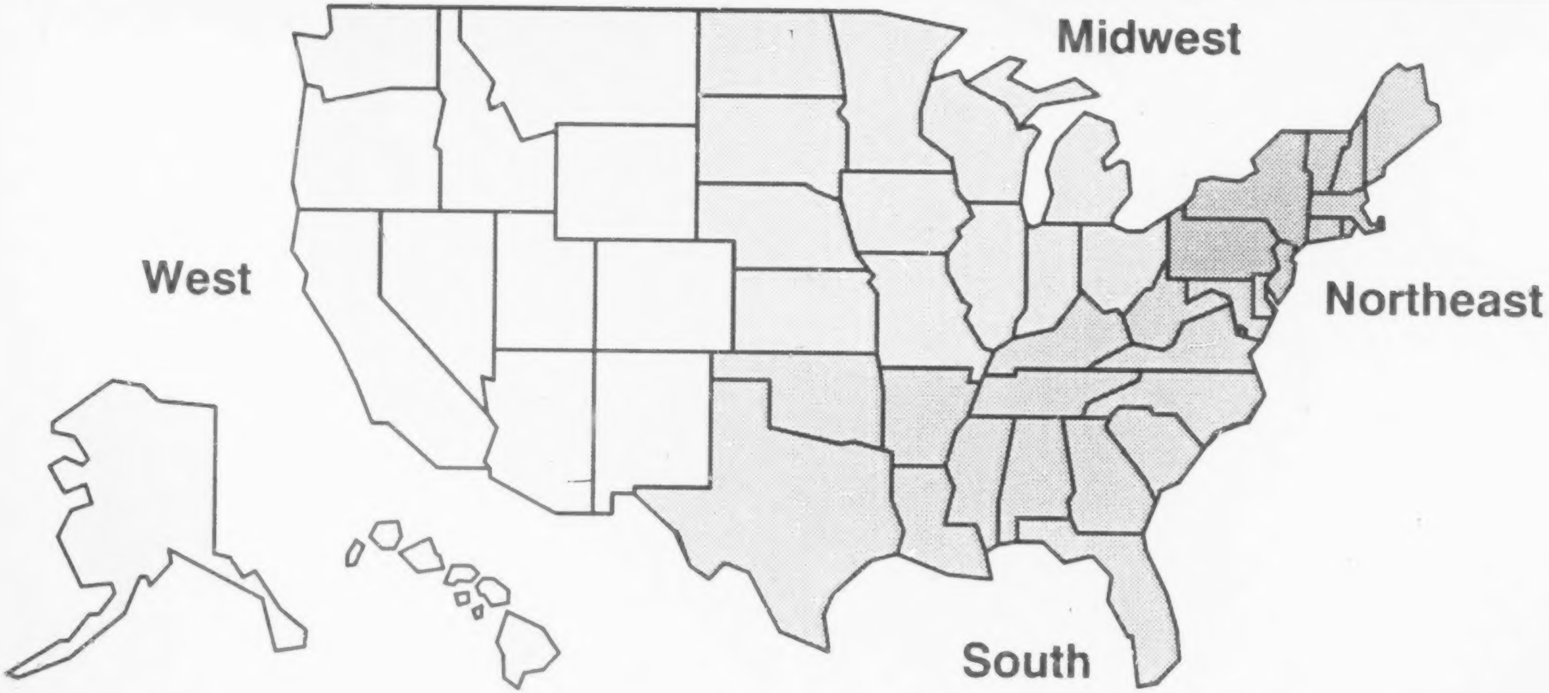
Midwest

- Illinois
- Indiana
- Iowa
- Kansas
- Michigan
- Minnesota
- Missouri
- Nebraska
- North Dakota
- Ohio
- South Dakota
- Wisconsin

West

- Alaska
- Arizona
- California
- Colorado
- Hawaii
- Idaho
- Montana
- Nevada
- New Mexico
- Oregon
- Utah
- Washington
- Wyoming

U.S. REGIONAL CLASSIFICATION FOR THE SIOR GUIDE TO INDUSTRIAL AND OFFICE REAL ESTATE MARKETS

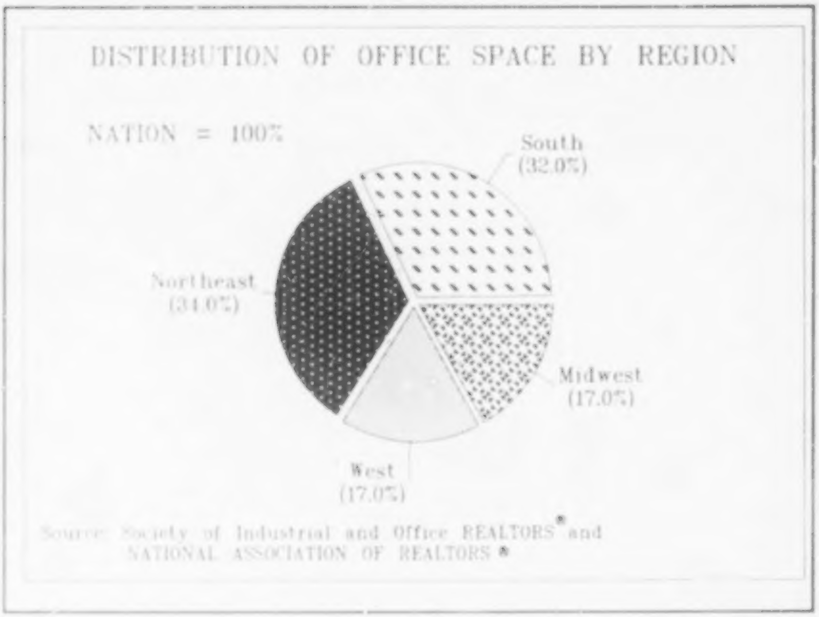

Midwest
West
Northeast
South

OFFICE REAL ESTATE MARKET

1988 REVIEW

The national office market continues to be overbuilt in each of the four regions of the country. Nonetheless, the office market experienced a modest improvement during 1988 based on net absorption and vacancy rates. Most market areas throughout the country experienced net absorption similar to or greater than in 1987. The national average vacancy rates for both central city and suburban office space were calculated based on 99 office markets throughout the mainland U.S. The average vacancy rate based on all central city office space was 15.3 percent, and the average vacancy rate based on suburban office space was 20.4 percent. (Market equilibrium is now defined by vacancy rates ranging from 15 to 20 percent, rather than less than 10 percent as was the norm five years ago.)

Figure 16

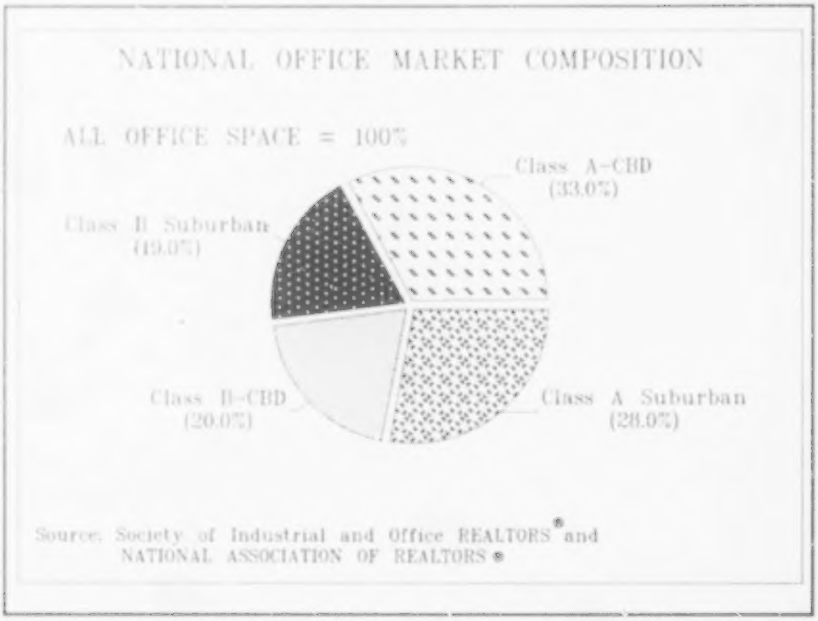


Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

COMPOSITION

The office market continued to expand from central city areas to suburban locations. Suburban construction was evident in most markets throughout the country, regardless of their size. The SIOR survey included approximately 2.3 billion square feet of office space, of which 53 percent (1.2 billion square feet) was located in central city areas and 47 percent (1.1 billion square feet) was situated in suburban locations. The SIOR survey indicated that the West and South regions of the country tended to have a greater percentage of suburban space available than central city space (Figure 16). Similarly, New Jersey was considered to be a suburban market area, supporting Manhattan and Philadelphia.

Figure 17



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

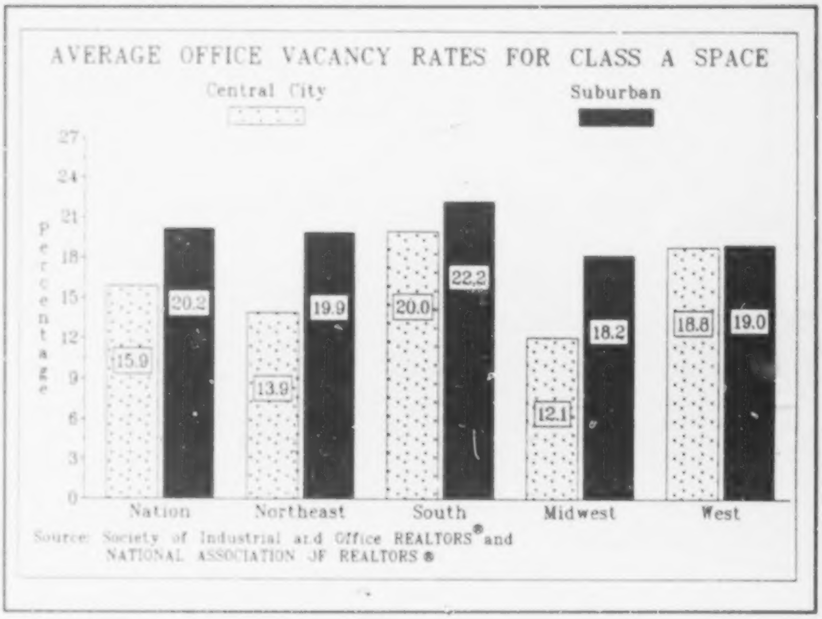
The SIOR survey distinguished between Class A and Class B office space (Figure 17). Approximately 61 percent of all space surveyed was considered to be Class A space and 39 percent was considered to be Class B space. Most new construction was classified as Class A space according to individual market characteristics. The Midwest had the greatest percentage of Class B space as compared to Class A space; however, this should decrease with new construction.

VACANCY RATES

Vacancy rates for the entire nation and each individual region were calculated by dividing the total vacant square footage by the total square footage. Vacancy rates for the nation and each region are shown in Figure 18. The Northeast had the lowest overall vacancy rates for both suburban and central city locations. The South continued to have the highest vacancy rates in the country even though there was some improvement.

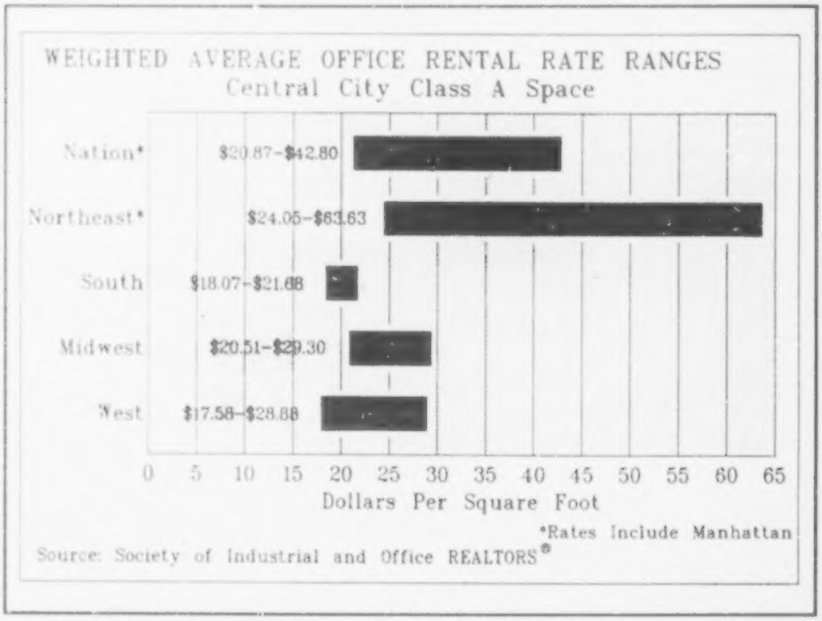
Suburban space in every region had a higher vacancy rate than central city office space. The highest and lowest vacancy rates for markets that reported throughout the U.S. are shown in the Northeast, South, Midwest, and West region sections later in this text. Select markets with the highest and lowest vacancy rates for central city and suburban office space are shown in the region summaries following this section. The market areas representing the high and low vacancy rates were selected based on their population and impact on the region. Therefore, some smaller market areas may have higher or lower vacancy rates than the vacancy rates presented.

Figure 18



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Figure 19



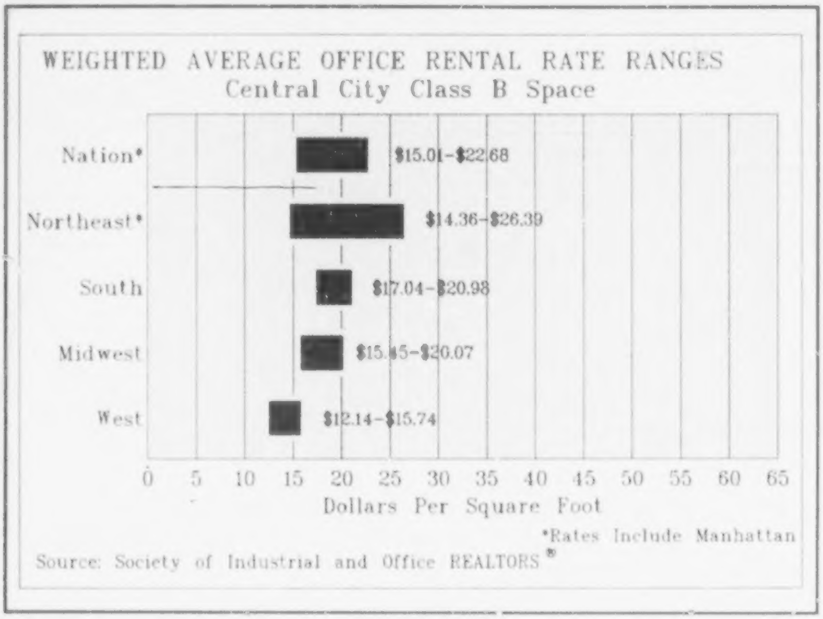
*Rates Include Manhattan

Source: Society of Industrial and Office REALTORS®

RENTAL RATES

The weighted average rental rates were calculated for the nation and by region and are based on the amount of office square footage attributable to each market area. Rental rate ranges for the nation and each region of the country are shown in Figures 19 through 22. The rental rates are grouped according to Class A or B and central city or suburban locations. The average rental rate range for central city Class A office space, excluding the exceptionally high Manhattan rates, is $18.95 to $27.79 per square foot. The Northeast had the highest average rents, ranging from $24.05 to $63.63 per square foot, influenced by the extremely high Manhattan rents. The national average rental rates for Class A suburban space ranged from $15.90 to $21.19 per square foot. The Northeast had the highest suburban rental rates also.

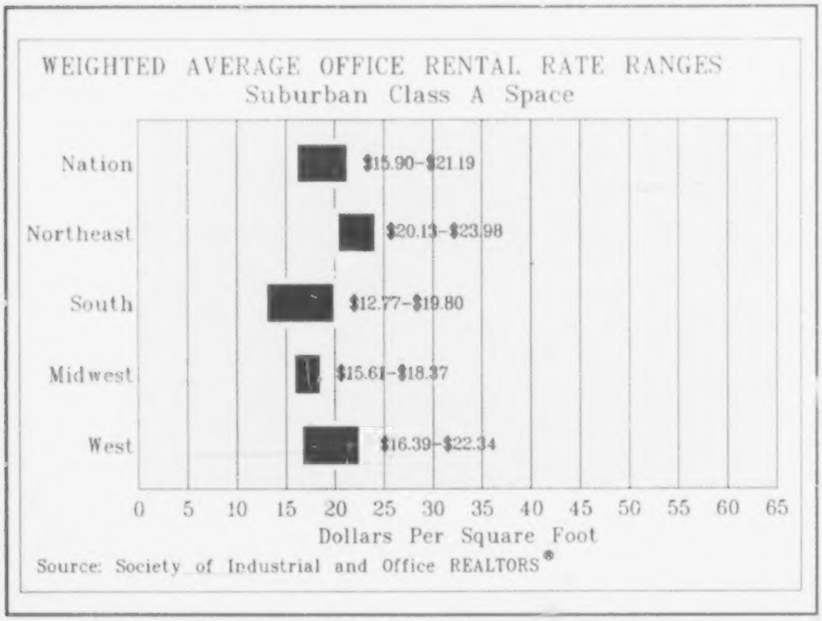
Figure 20


WEIGHTED AVERAGE OFFICE RENTAL RATE RANGES
Central City Class B Space

*Rates Include Manhattan

Source: Society of Industrial and Office REALTORS®

Figure 21

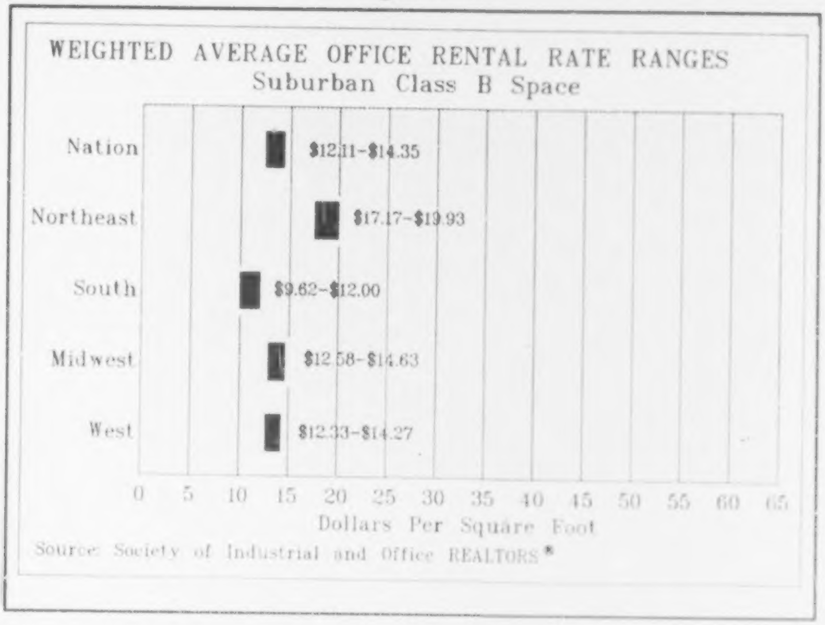

WEIGHTED AVERAGE OFFICE RENTAL RATE RANGES
Suburban Class A Space

Source: Society of Industrial and Office REALTORS®

LEASE CONCESSIONS

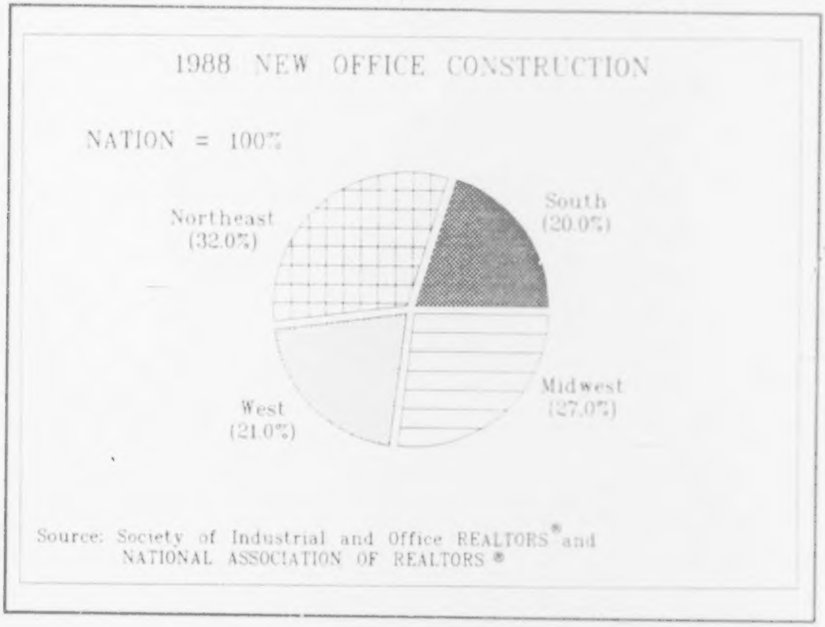
Lease concessions remained a common consideration in lease negotiations during 1988. Over one-half of the markets surveyed reported that lease concessions decrease rental rates by as much as 11 percent. The South and the Northeast were affected most by lease concessions. Interior improvement allowances were the most frequently used concession, primarily because they were easily capitalized into the construction costs of the project and could be budgeted in the initial planning phase of the development. Rental abatements, typically in the form of free rent, were the second most common concession. All of the markets in the West reported the use of this concession. Free parking was most common in the South, where cost and availability of land factors allowed this option more than in any other region of the country. Overall, lease concessions have become an expected consideration when negotiating office leases.

Figure 22



Source: Society of Industrial and Office REALTORS®

Figure 23



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

CONSTRUCTION

Central city locations contained the most construction activity throughout the country (54 percent). Figure 23 shows where the construction occurred throughout the country: North 32 percent; South 20 percent; Midwest 27 percent; and West 21 percent.

1989 NATIONAL OFFICE FORECAST

The supply of office space in most markets throughout the country will continue to be significantly greater than demand. The moderate economic growth forecast for 1989 should maintain demand for office space in the Northeast, West and Midwest. However, construction of new office space in these areas will increase supply and cause vacancy rates to remain at their present levels and probably increase in some markets, particularly in the Midwest and Northeast. These regions will be adversely affected based on the combination of vacancy rates and significant amount of office space under construction. Even so, the Northeast should continue to experience the lowest vacancy rates of any region in the country.

Project location and amenities will be the most important factors affecting the success of office space. These factors are becoming increasingly important in the Northeast as the unemployment rate continues to decline and the supply of available labor becomes a problem. Location near affordable housing and public transportation will enhance the ability of an office building to attract tenants. Project amenities such as on-site day care and food facilities will help office buildings compete for tenants, as companies become increasingly aware of employee needs in attempt to keep good labor.

The affordable housing and the available skilled labor force of the Midwest and South will become more attractive to corporations in the Northeast, who will probably more seriously consider relocating some of their operations out of the Northeast.

The South should begin to experience some activity; however 1989 does not seem to be the year for any significant changes in the high vacancy rates.

The West should be enhanced by continued foreign trade and foreign investment. Nonetheless, vacancy rates will remain relatively similar to 1988 because of the proposed increase in supply.

The office market generally will continue to be overbuilt; however, specific market areas will do well. Demand for space in the central city of Washington, D.C. will continue to be strong, provided the Bush administration does not significantly cut the national budget. Also, Manhattan and central city Los Angeles and Chicago should continue to experience stable growth.

NORTHEAST OFFICE MARKET

1988 REVIEW

The Northeast office market performed better overall in 1988 than in 1987. In general, demand increased as indicated by an increase in both net absorption and leasing activity. A greater amount of newly constructed space came on-line during 1988, causing supply to increase. Therefore, although demand increased from 1987 to 1988, vacancy rates increased by several percent in most market areas throughout the region. Office markets in the Northeast performed better than most areas of the country.

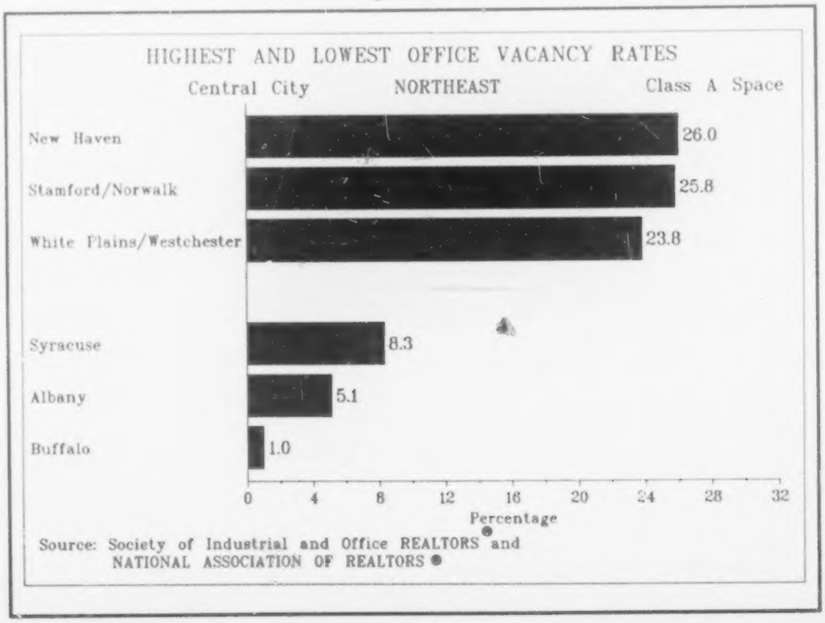
Specifically, the region's average vacancy rates for Class A and Class B space combined, for suburban and central city were the lowest in the country. The vacancy rate for central city space was 12.0 percent, 3.3 percent lower than the national average of 15.3 percent. The vacancy rate for central city space was 12.0 percent, 3.3 percent lower than the national average of 15.3 percent. Figure 24 shows the highest and lowest central city vacancy rates in the Northeast, by market area. Figure 25 shows the highest and lowest suburban rates in the Northeast. The vacancy rate for suburban space was 17.0 percent, 3.4 percent lower than the national average of 20.4 percent.

Boston, Manhattan, New Jersey and Philadelphia accounted for the greatest activity in the region. The lower vacancy rates in Manhattan caused the regional average to decrease. Vacancy rates in Boston, Philadelphia, and New Jersey were slightly higher than the national averages. It is important to note that professionals active in the New Jersey office market considered it to be almost entirely a suburban market. Therefore, New Jersey leasing activity and vacancy rates affected the suburban averages instead of the central city averages.

The Northeast accounted for approximately 34 percent, or 765,400,000 square feet, of the total 2.3 billion square feet of office space covered by the SIOR study. About 67 percent, 514 million square feet, of the office space included in the Northeast was considered to be central city space; whereas, 33 percent, 251 million square feet, was located in the suburbs. Compared to the three other regions of the country, the Northeast had the greatest percentage of central city office space.

Total under construction space was equal to approximately eight percent of the office space currently in the market. Manhattan set the pace with approximately 14 million square feet under construction. Philadelphia had 4.9 million square feet under construction in the central city, amounting to a total square feet under construction equal to 22 percent of the existing space. Approximately 3.6 million square feet was under construction in the Philadelphia suburbs, approximately equal to 11 percent of the existing stock. Central New Jersey reported the most suburban square footage under construction with close to 8 million, an amount equal to 30 percent of the existing stock.

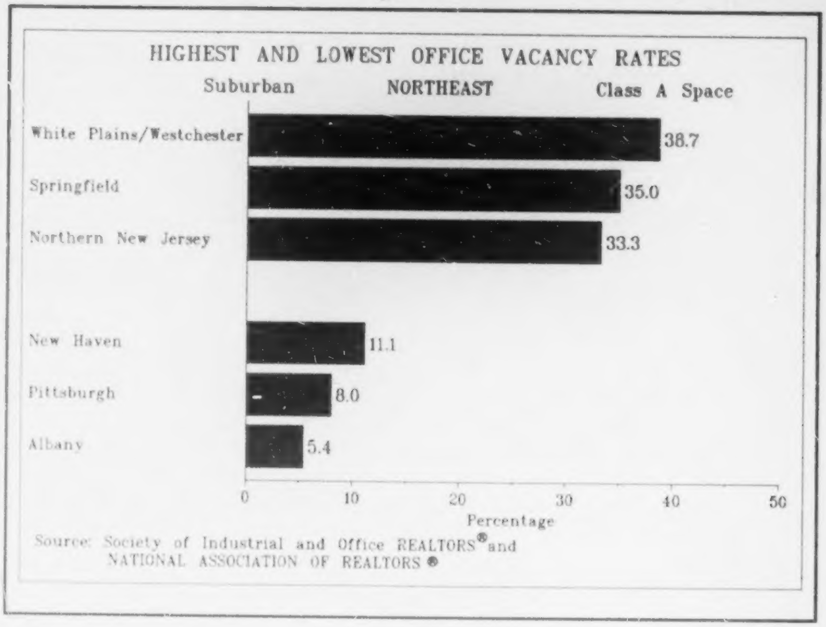
Figure 24



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

Rental rates in the Northeast averaged $24 to $63 per square foot in the city and $20 to $24 per square foot in the suburbs. This was approximately $4 to $5 above the national average rental range lowest lease rate. Rents in the Northeast continued to be the highest on average throughout the entire country. However, lease concessions remained an important part of leasing activity. Importantly, 65 percent of the markets in the Northeast reported that lease concessions decrease rental rates by at least 11 percent.

Figure 25



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

1989 NORTHEAST OFFICE FORECAST

Vacancy rates will continue to increase through 1989, as supply increases at a greater rate than demand. Although 60 percent of the market areas expect absorption to increase, 70 percent report an increase in construction activity for the year. Smaller market areas such as Stamford and New Haven will continue to have a significant oversupply of space. Major markets such as Philadelphia and Boston should continue to experience relatively strong demand, however, the low unemployment rate will cause developers and brokers to be more responsive to the labor needs of prospective tenants. Specifically, support labor such as office clerical personnel, is typically reliant upon public transportation in the Northeast. Location of office buildings proximate to available skilled labor will be a primary issue in 1989 for Philadelphia and Boston. Locations with public transportation will be important for suburban locations and attracting tenants. Furthermore, building amenities such as child care and food service facilities will be important in servicing the worker.

The Northeast should continue to be one of the best office locations in the country during 1989; however, affordable housing and labor availability will significantly affect a project's success and the future performance of the Northeast's major market areas such as Philadelphia, Boston, and New York.

SOUTH OFFICE MARKET

1988 REVIEW

The SIOR survey contained information on 35 office markets in the South. The area is bounded on the north by Maryland and Delaware, on the east by the Atlantic Ocean, on the south by Florida and by Texas on the west.

Over one-half of the approximately 730 million square feet of office space included in the study was located in suburban areas. The South has the highest average vacancy rates in the country, for both suburban and central city space. Austin, Texas had the highest percentage of office space vacant in the region, while Charleston, SC had the lowest percentage of space vacant. The highest and lowest vacancy rates by market and location are shown in Figures 26 and 27.

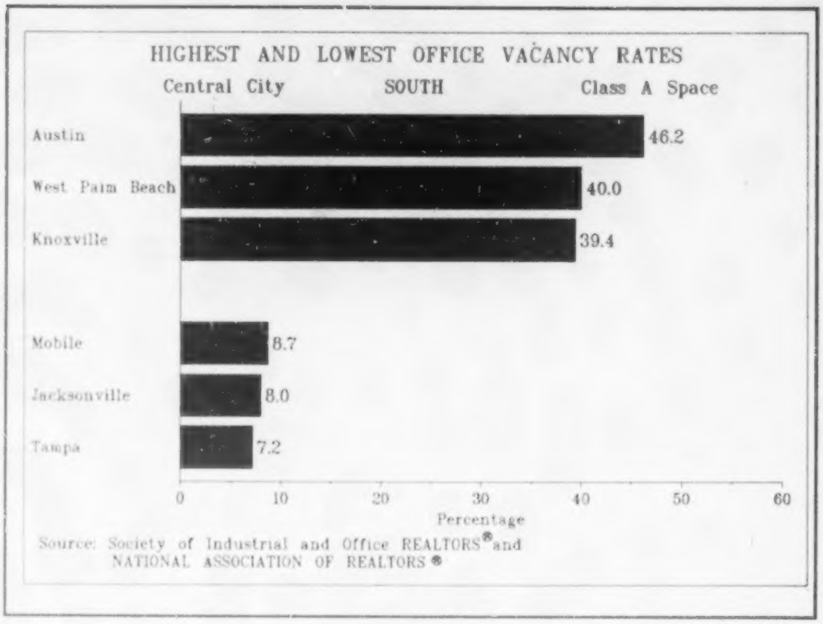
New construction was most prevalent in Florida, Washington, D.C. and North Carolina. The total square footage under construction is equal to approximately 12 percent of the space currently in the market. The SIOR survey respondents for Texas, Oklahoma, and Arkansas reported no construction activity for markets in these states.

The abundance of available Class A space coupled with the attractive lease rates in several markets (Orlando, Tampa/St.Petersburg, Houston, San Antonio, and Memphis) presumably caused tenants to upgrade from Class B space to Class A space, and resulted in a negative net absorption for Class B office space in these market areas.

The lowest rental rates for Class A central city office space were found in Oklahoma, Texas, and Alabama. Baltimore, Washington, D.C., Orlando, and West Palm Beach had the highest rental rates for central city, Class A space.

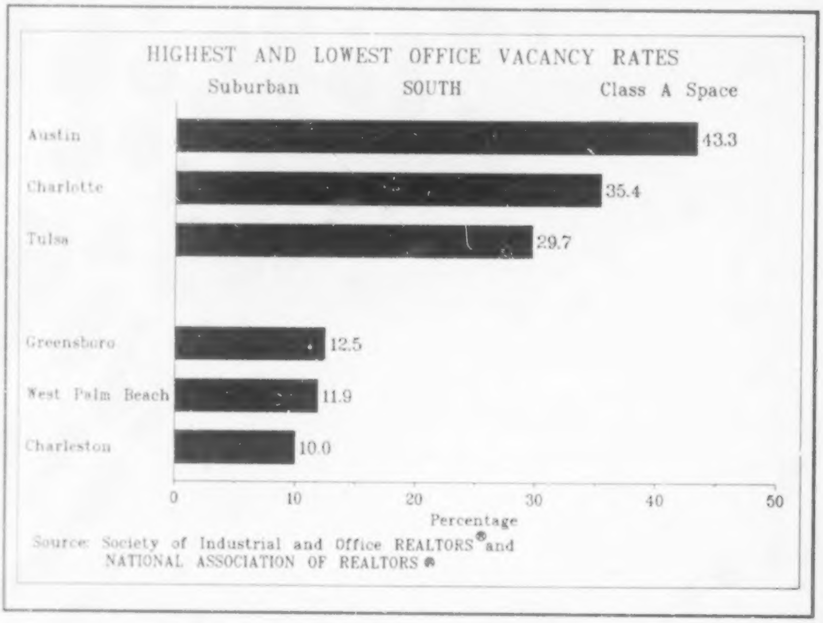
Over one-half of the survey respondents reported that lease concessions decreased the rental rates by at least 11 percent. Dallas was affected the most by lease concessions, causing rental rates to decrease by an average of 25 percent. The most frequently used lease concessions were interior tenant improvement allowances, rental abatements, and free parking.

Figure 26



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Figure 27



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

1989 SOUTH OFFICE FORECAST

Vacancy rates should remain relatively similar to 1988, possibly decreasing somewhat due to the lower level of new construction expected during 1989. Less than one-half of the survey respondents expect an increase in construction activity for their market areas. The affordable housing in the South combined with the available skilled labor supply might prompt more corporations to follow J.C.Penney Company and seek relocation opportunities in this region. Overall, the office market in the South should experience some improvement during 1989; however, this is not the year for a complete turnaround.

MIDWEST OFFICE MARKET

1988 REVIEW

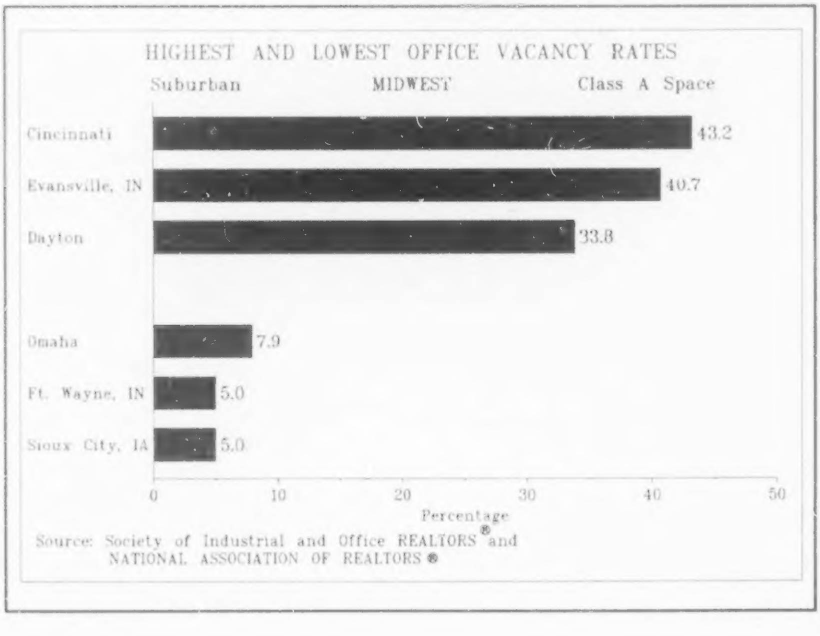
The SIOR survey included 25 markets in the Midwest, an area encompassing 12 states.

The Midwest represented 17 percent, approximately 400 million square feet, of the office space contained in the 1989 SIOR study. The majority of office space was located in central cities, with Chicago accounting for 40 percent of the total.

This region had the lowest average vacancy rates in the country, 12.1 percent for central city space and 18.2 percent for suburban space. For the combined central city and suburban market areas, Jackson, Michigan had the lowest percentage of square feet vacant, while Columbus, Ohio had the greatest percentage of square feet vacant. The highest and lowest vacancy rates, by market area, are shown in Figures 28 and 29.

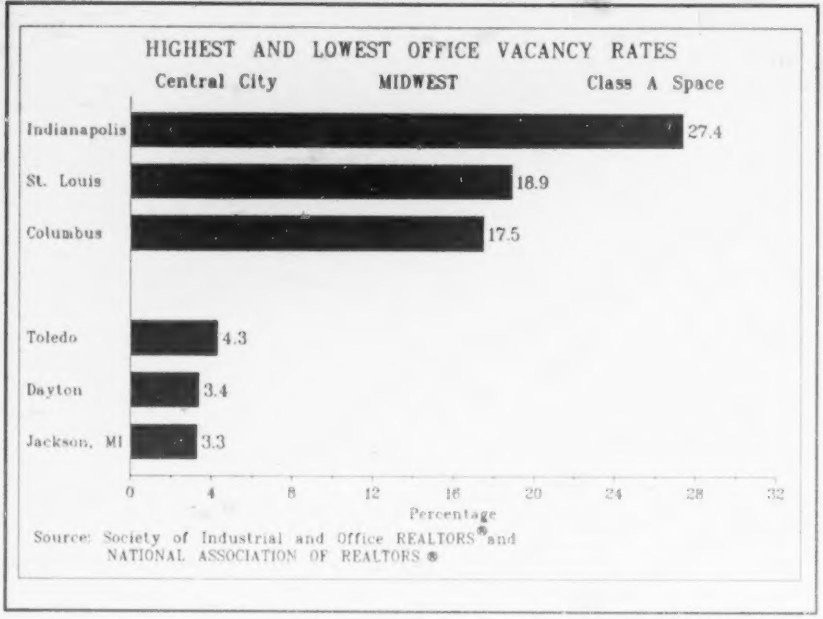
A significant amount of new office construction took place in the Midwest during 1988, equal to approximately 17 percent of the total square feet in the region. Chicago, Cincinnati, Dayton, Indianapolis, Fort Wayne, and Minneapolis were the markets that had the greatest percentage of office space under construction in the central cities, relative to the total square feet in each market area. Suburban markets with a high percentage of new construction included: Detroit, Minneapolis, Fort Wayne, Cincinnati, and Cleveland.

Figure 28



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

Figure 29



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Central city markets that had the highest percentage net absorption included: Fort Wayne, South Bend, Terre Haute, Des Moines, and Kansas City, Missouri. Suburban markets with the highest percentage net absorption included: Fort Wayne, Terre Haute, Kansas City, Missouri, Minneapolis and Omaha.

Central city rental rates were similar to the Northeast and West; however, suburban average rental rates were only approximately two dollars higher than rates in the South. The highest rental rates were in Chicago, Cincinnati, Columbus, and Milwaukee. The lowest rental rates were in Evansville, Indiana, Quad Cities, IA, IL, and Jackson, Michigan.

Although lease concessions were common in the Midwest, the majority of the survey respondents stated that concessions affected rental rates by less than 11 percent. Lease concessions had the greatest effect on rental rates in Chicago. The most prevalent lease concessions were lease assumptions and signing bonuses.

1989 MIDWEST OFFICE FORECAST

In general, net absorption and vacancy rates should be relatively similar to 1988, according to the expectations of the SIOR survey respondents. However, some select market areas, such as Cincinnati, Indianapolis, Columbus, and Minneapolis could have increased vacancy rates based on the expected net absorption combined with the anticipated new construction. One-half of the markets expect construction and absorption to increase. Unfortunately, some market survey respondents expect new construction to increase at a greater rate than net absorption, contributing to an additional oversupply of office space in 1989.

WEST OFFICE MARKET

1988 REVIEW

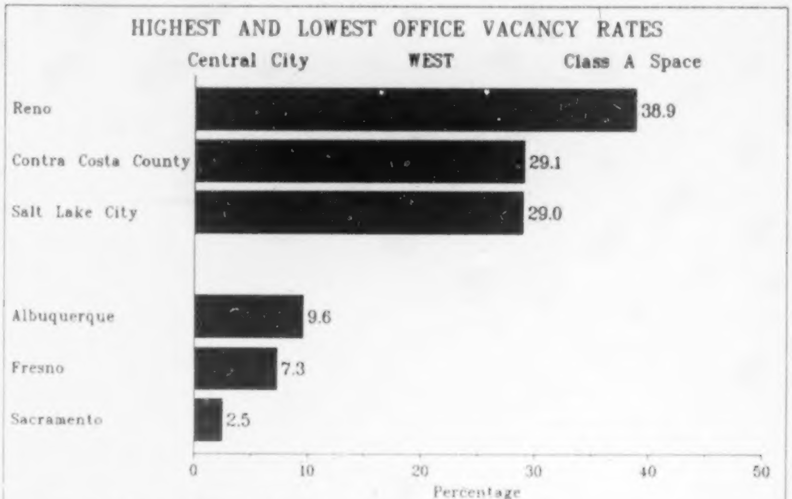
The SIOR office survey includes 19 markets in the West, located in Arizona, California, Colorado, Nevada, New Mexico, Utah, and Washington.

The total office space surveyed in this region accounted for approximately 17 percent, over 400 million square feet, of the entire square footage contained in the survey. The composition of the office space was split almost evenly between central city and suburban locations.

The central city average vacancy rate for this region of 18.8 percent was nearly three percent higher than the national average, while the suburban average vacancy rate of 19 percent was over one percent lower than the national average. Fresno and Albuquerque had the lowest vacancy rates. Reno, Salt Lake City, and Contra Costa County had the highest vacancy rates. Figures 30 and 31 show the highest and lowest office vacancy rates in the central city and suburban areas.

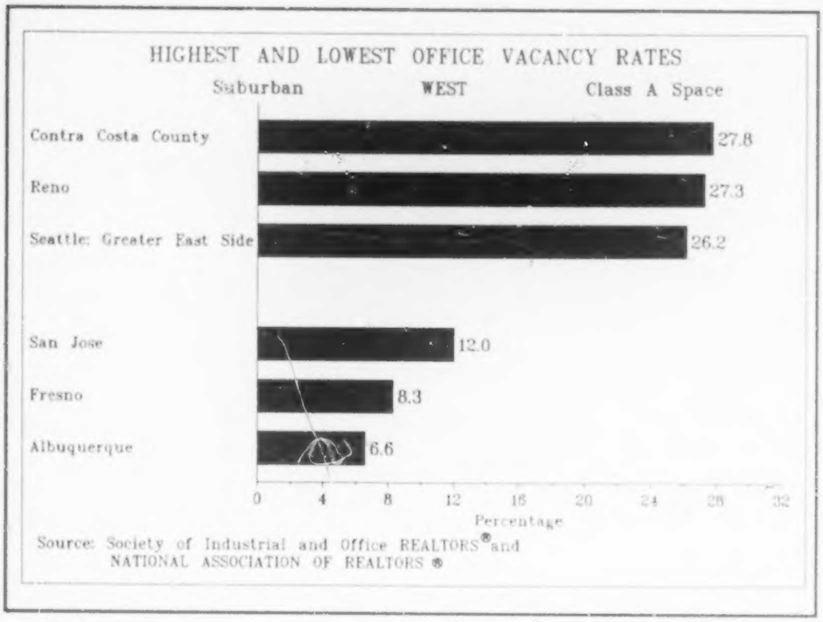
New construction equaled approximately 13.8 percent of the total space in the central city areas and about 9.6 percent of the total suburban space. Sacramento, Fresno, and Reno had the greatest relative percent of space under construction in the central city. San Francisco had the lowest relative percentage of space under construction in the city, due to local development restrictions. In suburban markets areas, San Bernardino/Riverside, Reno, and Seattle had the greatest relative percentage of office space under construction.

Figure 30



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Figure 31



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Contra Costa County and San Jose had the greatest net absorption in the central city, as a percent of the total square feet in the market. On the other hand, Salt Lake City lost some office tenants from the central city as indicated by the negative net absorption; however, the suburbs experienced a significant amount of leasing activity based on the high net absorption percentage. The Los Angeles office market continued to be active, with positive net absorption.

Average rental rates for the West were consistent with the central city and suburban rents in the Midwest and some market areas in the South. Central city rental rates were highest in downtown Los Angeles, San Francisco, Contra Costa County, and Orange County. They were lowest in Denver, Tucson, Albuquerque, and Salt Lake City. Suburban rental rates were highest in San Jose and Los Angeles/South Bay area, and lowest in Denver, Tucson, and Sacramento.

Lease concessions were common in most market areas in the West. Over 63 percent of the SIOR respondents disclosed that lease concessions decreased rental rates by at least 11 percent. All of the market areas negotiated lease assumptions and signing bonuses as lease concessions.

1989 WEST OFFICE FORECAST

Overall, total new construction will be less than in 1988. However, Salt Lake City, San Jose, San Bernardino, and Fresno are expected to have more space under construction this year. Vacancy rates should decrease somewhat in most markets, specifically the Los Angeles and San Francisco areas, because of the decrease in new space combined with the anticipated demand. The office market in the West should remain relatively active.

INDUSTRIAL REAL ESTATE MARKET

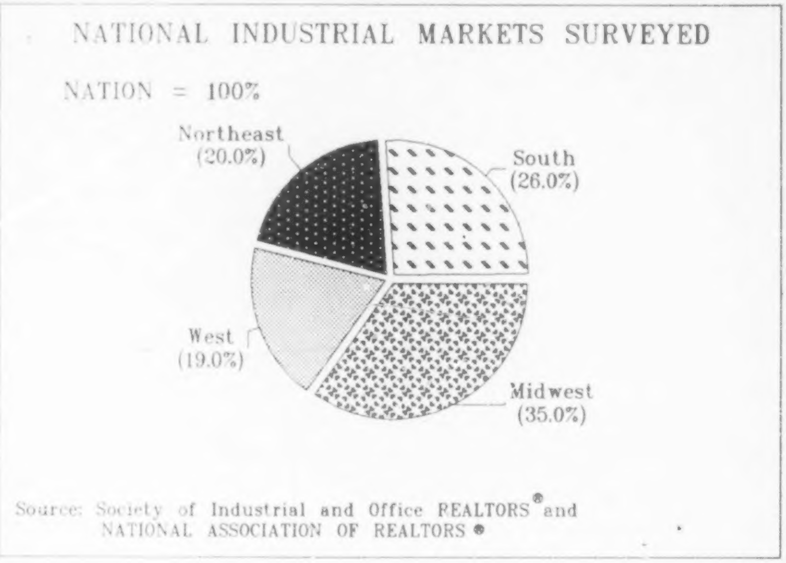
1988 REVIEW

Overall, the industrial real estate market performed well during 1988, based on net absorption and increases in site prices and lease rates for most property types in 109 market areas throughout the mainland U.S.

Thirty-five percent of all industrial markets surveyed are located in the Midwest. Figure 32 shows the distribution of markets reported by U.S. region. Fifty-six percent of all industrial space covered by the study was in suburban areas (Figure 33). However, the increases in construction and net absorption were less than the increases that occurred in 1987. The increases in net exports, industry production, inventories and business investment in capital equipment helped to maintain industrial property demand.

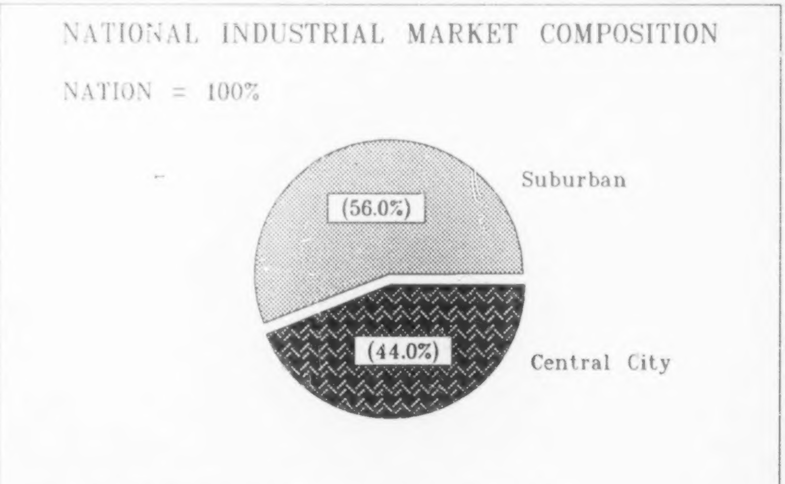
Warehouse and distribution properties performed better than high tech and manufacturing facilities, specifically in terms of absorption, increased construction activity, increased sales prices, and increased lease rates. Manufacturing properties experienced moderate changes in sales and leasing activity. High tech space was overbuilt in most of the market areas throughout the country, except for select West Coast cities and a few markets in the Midwest.

Figure 32



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Figure 33

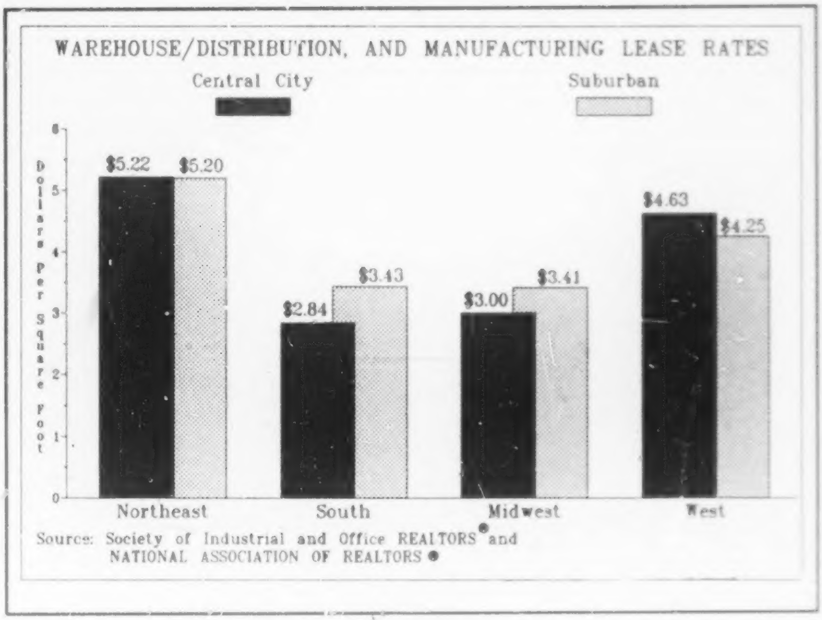


Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

AVERAGE LEASE RATES

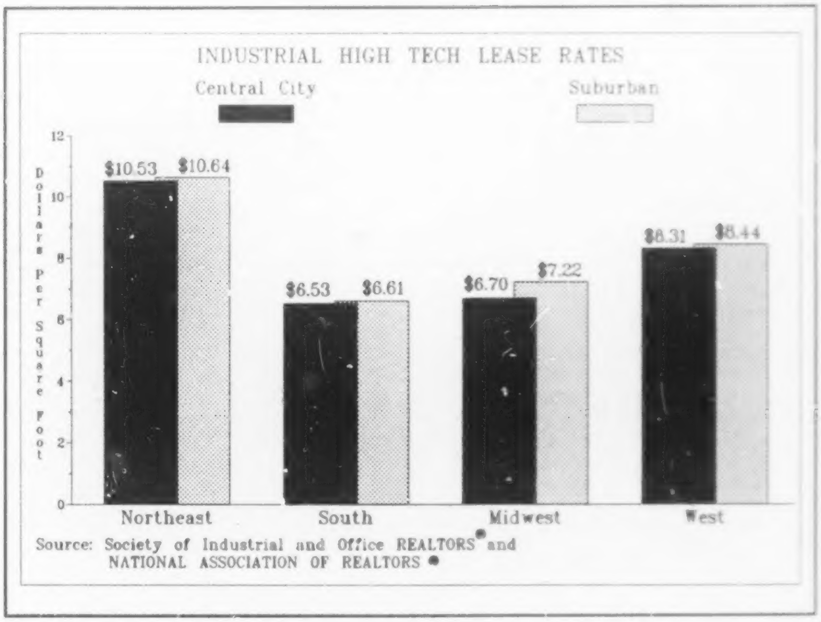
Average lease rates for suburban and central city bulk space (warehouse and distribution properties and manufacturing facilities) and high tech space were highest in the Northeast, while the lowest lease rates were reported in the Midwest and South. Figure 34 shows the average lease rates for suburban and central city warehouse/distribution and manufacturing industrial real estate, by U.S. census regions. Similarly, Figure 35 compares central city high tech lease rates to suburban high tech lease rates for each region. Again the Northeast recorded the highest rates, while the South had the lowest rates.

Figure 34



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

Figure 35

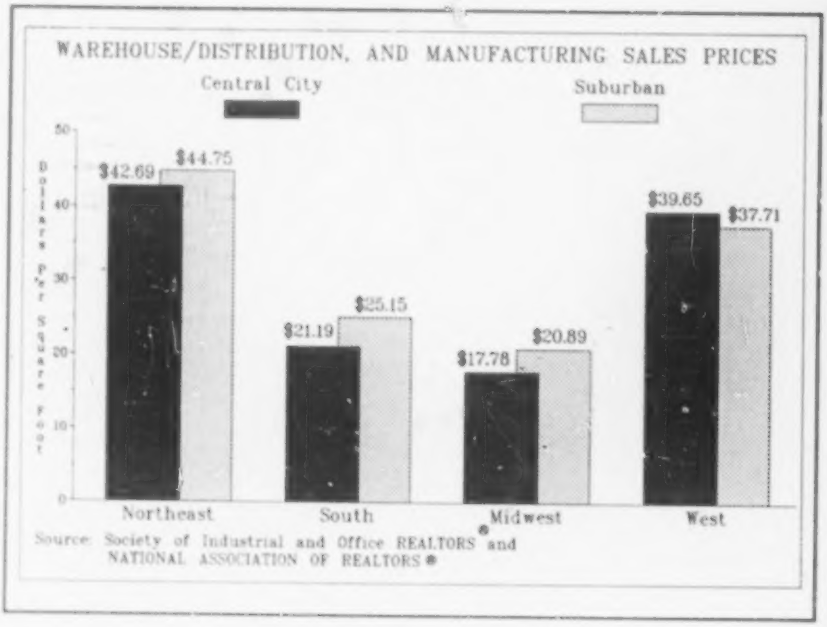


Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

AVERAGE SALES PRICES

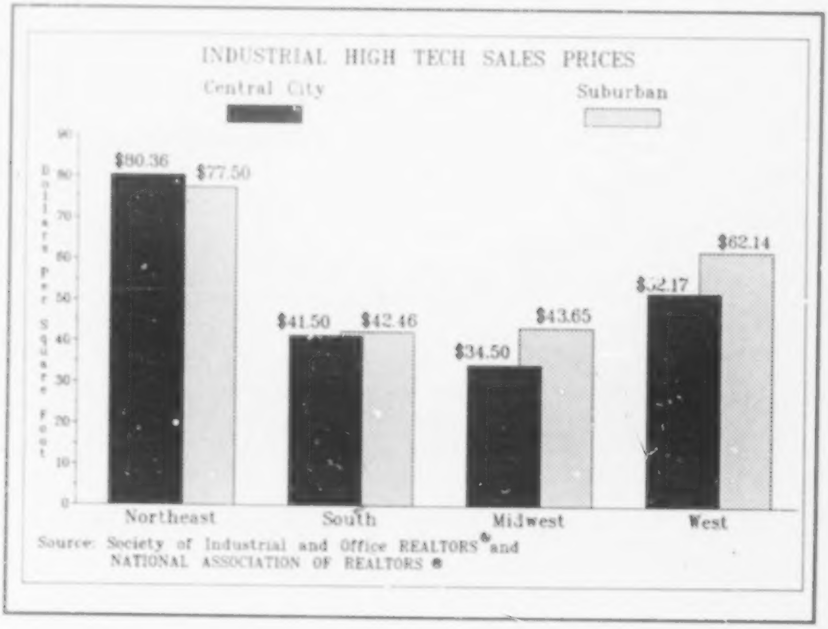
Sales prices per square foot (S.F.), for all property types, were also greatest in the Northeast, with the Midwest on the other extreme. Purchases of bulk space were generally more expensive in suburban areas, but in the West central city space was more costly. Figure 36 highlights average sales prices for warehouse/distribution and manufacturing space for each region. High tech average sales prices are shown in Figure 37. Here again, suburban sales prices were generally higher, but central city sales prices were higher in the Northeast.

Figure 36



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

Figure 37



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS®

VACANCY INDICATORS

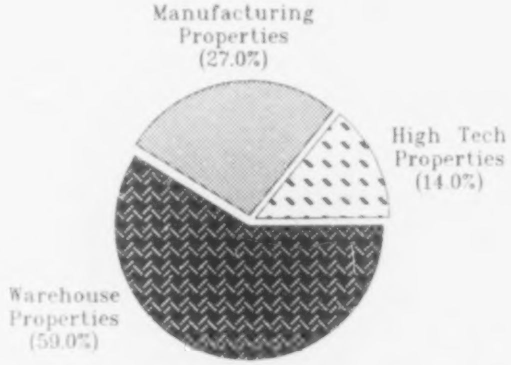
Shortages of space varied according to size and market location. For example, over 50 percent of the respondents to the SIOR survey from the Northeast, reported that their market area had a shortage of space less than 40,000 square feet. The Midwest had the greatest percentage of markets reporting a shortage of industrial space, as compared to the other three regions in the country. Over 50 percent of the survey respondents in the Midwest reported a shortage of space less than 100,000 square feet. However, there was an oversupply of space greater than 100,000 square feet in the Midwest. The West had an oversupply of space in the 5,000 to 20,000 and 40,000 to 60,000 square foot categories. The South and West had the greatest percentage of markets with an oversupply of high tech space.

NET ABSORPTION

Warehouse and distribution properties generated over one-half of the net absorption throughout the country, followed by manufacturing facilities and high tech space (Figure 38).

Figure 38

COMPOSITION OF INDUSTRIAL NET ABSORPTION



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

WAREHOUSE AND DISTRIBUTION

Over 50 percent of the SIOR respondents reported an increase in construction, sales prices and lease prices, over 1987. Construction activity was greatest in the Northeast and the West regions, specifically in the New York, New Jersey, and Los Angeles areas. The West had the greatest percentage of markets reporting an increase in lease rates and sales prices. Overall, more markets in the West than any other region of the U.S. experienced an increase in warehouse and distribution activity from 1987.

MANUFACTURING

Construction of manufacturing space decreased throughout the country from 1987 to 1988. Less than 45 percent of the markets reported an increase in manufacturing construction from 1987 to 1988. Over 50 percent of the markets throughout the U.S. reported an increase in the dollar volume of lease prices for manufacturing space, suggesting that the gap between the demand and supply of space may be narrowing.

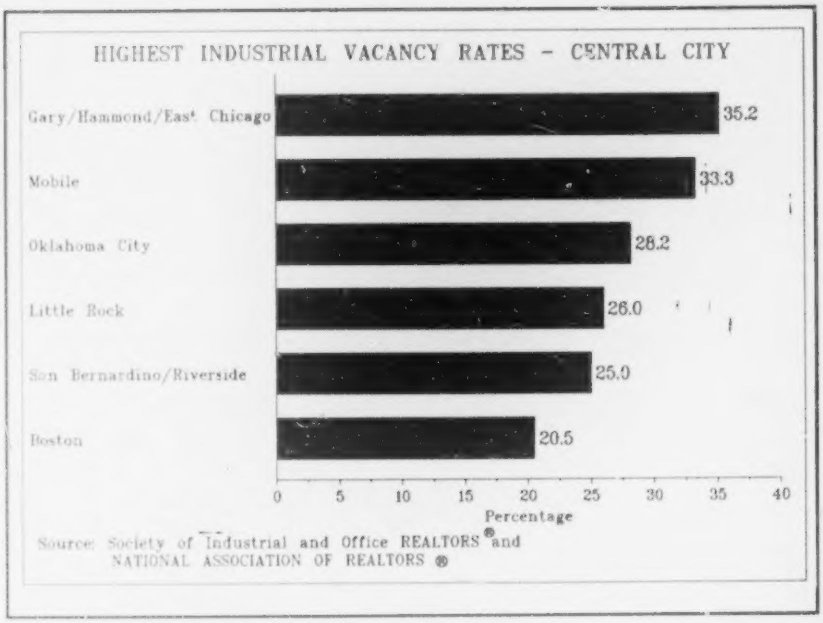
HIGH TECH

The Northeast was the only region to have over 50 percent of the markets reporting an increase in high tech construction from 1987. Less than 50 percent of the markets throughout the country experienced an increase in lease rates and sales prices of this type of space.

VACANCY RATES

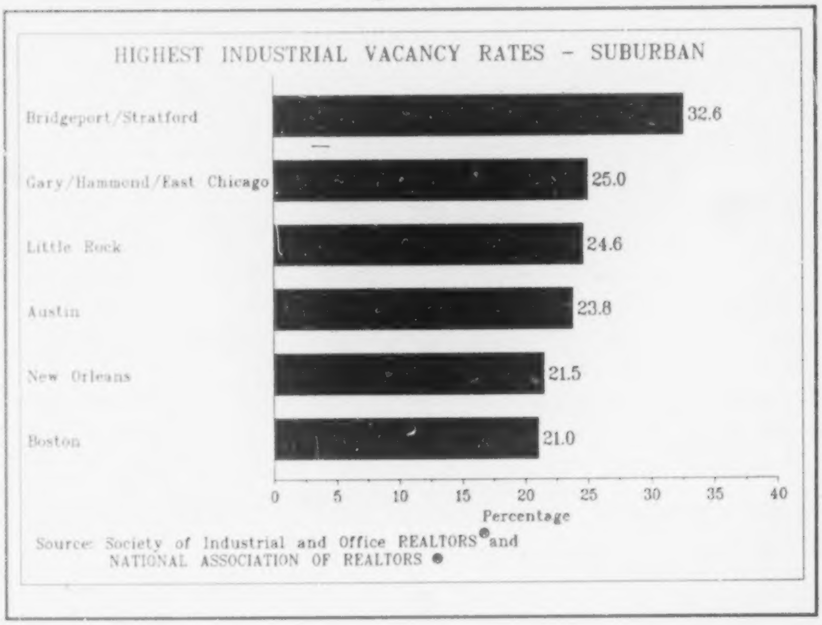
The six cities with the highest central city vacancy rates are shown in Figure 39. Gary/Hammond/East Chicago had the highest rate, with 35.2 percent of all central city industrial space vacant. The highest suburban vacancy rate was recorded in the Bridgeport/Stratford area of Connecticut, 32.6 percent (Figure 40).

Figure 39



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

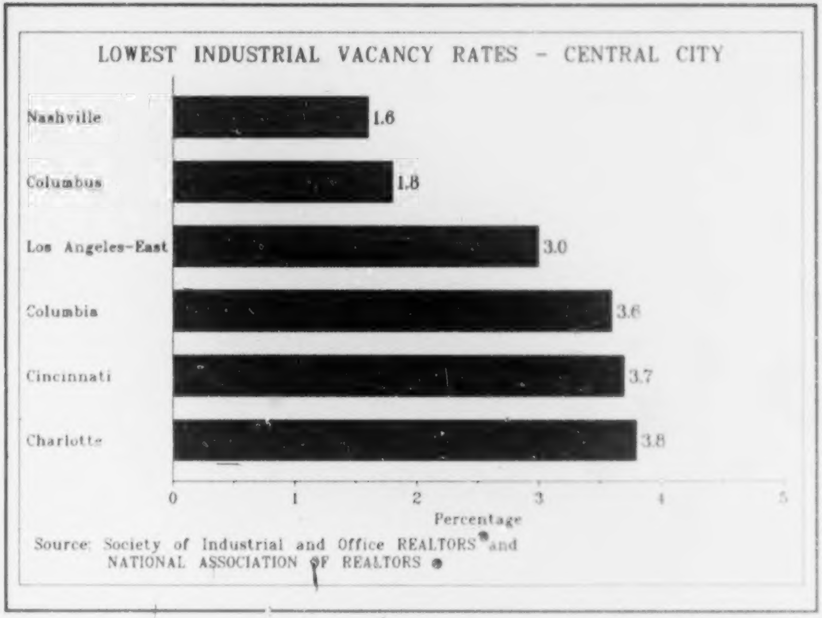
Figure 40



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

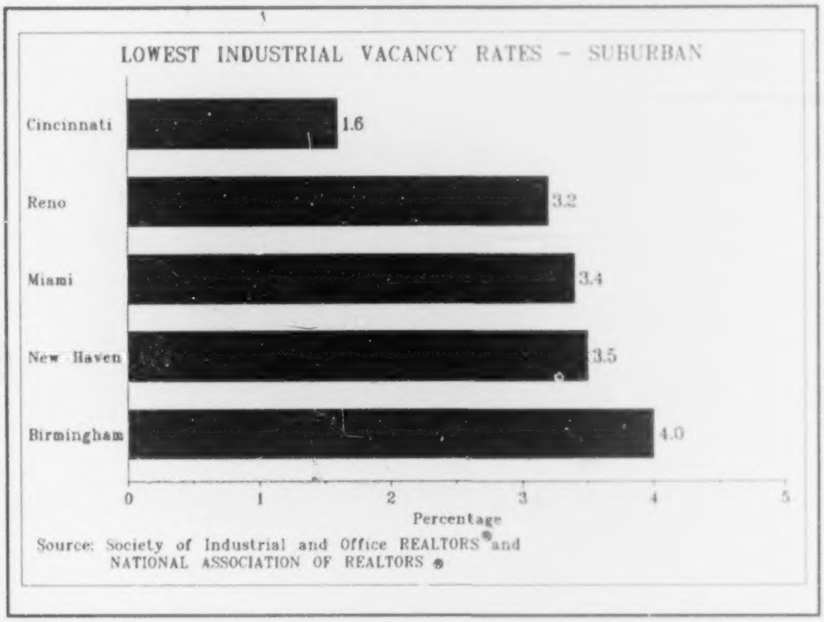
The lowest six central city vacancy rates were no higher than 3.8 percent (Figure 41). Nashville recorded the lowest central city vacancy, with only 1.6 percent of all industrial space in the city vacant. Cincinnati had the lowest suburban vacancy rate of 1.6 percent, as shown in Figure 42.

Figure 41



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

Figure 42



Source: Society of Industrial and Office REALTORS® and NATIONAL ASSOCIATION OF REALTORS ®

1989 NATIONAL INDUSTRIAL FORECAST

The moderate economic growth that is anticipated for 1989 could cause industrial firms to institute a cauticus investment strategy by year-end. Although industrial production, prices, inventories, and net exports are expected to increase during the year, these increases will be lower than wnat occurred in 1987 and 1988. As the interest rates rise during 1989, corporate debt will increase and could reach a point that would force corporations to liquidate inventories, which might affect industrial space requirements. Therefore, even though sales and leasing activity of industrial real estate is expected to increase moderately throughout the year, corporate reactions to the rising interest rates could cause net absorption to be lower than in 1988.

Construction is expected to increase, but less overall square footage will be added this year than in 1988. Vacancy rates in warehouse, manufacturing, and high tech space should decrease in most market areas. Demand for warehouse space is expected to continue in 1989; therefore, lease rates could increase moderately.

High tech space will probably remain overbuilt, and warehouse space is expected to generate the greatest portion of net absorption for the third straight year. This absorption could be lower than what industrial real estate professionals anticipate, if corporations react cautiously to the moderate economic growth.

Over 55 percent of the survey respondents indicate that site prices should increase during 1989. Also, greater than 60 percent of the market respondents expect an increase in lease rates and sales prices. Market areas in the Midwest and Northeast are anticipated to experience the greatest changes in net absorption, construction, and lease rates, compared to the other regions of the country.

NORTHEAST INDUSTRIAL MARKET

1988 REVIEW

Compared to 1987, the industrial market (including manufacturing, bulk warehouse and high tech space), experienced a good year in terms of increased or stable absorption, and increased or stable lease and sales prices. In general, demand was greatest for warehouse space, typically 10,000 square feet and greater. Nearly 60 percent of the market areas surveyed in the Northeast reported an increase in net absorption for warehouse space. Demand for manufacturing space remained consistent with 1987; only 23 percent of the market areas reported an increase in net manufacturing absorption. An oversupply of high tech space is evident in almost every market in the Northeast. Most markets reported that net absorption and demand were greatest for warehouse space, with high tech space in least demand.

Vacancy rates for major markets in the Northeast were similar to most major markets throughout the country. However, Boston's central city vacancy rate of approximately 20 percent and suburban vacancy rate of 21 percent were high compared to other markets throughout the region.

Sixty-one percent of the Northeast's industrial space described by SIOR respondents was located in central cities. High land costs and relatively stable lease prices limited construction possibilities; therefore, the bulk of industrial space continued to be in the form of older buildings in central cities.

Lease rates for warehouse and manufacturing space averaged approximately $5.20 per square foot in both the suburbs and central cities. This was about $1.00 to $2.00 higher than other regions of the country. Lease rates for high tech space averaged about $10.50 in both the suburbs and central cities, approximately $2.00 to $4.00 higher than other regions of the country. Central and Southern New Jersey reported the lowest lease rates, and Manhattan and Westchester reported the highest lease rates.

Sales prices were highest in the Northeast, and averaged $42 to $45 per square foot for bulk space and $77 to $81 per square foot for high tech space. The sales prices are almost double that of other regions of the country because of the Manhattan market. Land costs and construction costs are also typically higher in the Northeast, and cause higher sales prices.

The total space under construction was less than in 1987 and will probably decline throughout 1989. Warehouse and distribution facilities comprised most of the 1988 space under construction.

1989 NORTHEAST INDUSTRIAL FORECAST

Continued demand for industrial space and a decreasing supply of available space should cause vacancy rates in the Northeast to decrease somewhat and lease rates to increase slightly. The warehouse and distribution market should continue to perform better than manufacturing and high tech space, based on the moderate economic outlook during 1989. The high cost of land coupled with only slightly increasing rental rates will keep new construction of bulk warehouse and industrial space to a low to moderate level. Vacancy rates in the Northeast, therefore, should decline throughout the next several years, provided demand continues to increase.

High tech space will continue to suffer. Manufacturing space should remain relatively stable or decrease slightly as the rising interest rates affect capital expenditures and expansions.

Overall, the industrial market in the Northeast should be one of the best industrial real estate markets in the country.

SOUTH INDUSTRIAL MARKET

1988 REVIEW

The South accounted for 26 percent of all industrial space included in the SIOR study. Approximately 70 percent of the industrial space in the South was located in suburban areas. Overall, new construction decreased somewhat from 1987 to 1988, but most markets were consistent with the activity that occurred during the previous year.

Some of the highest vacancy rates in the country were still located in markets in the South. Central cities with the highest vacancy rates included: Mobile, Oklahoma City, Little Rock, and Atlanta. The lowest central city vacancy rates were in Charlotte, Columbia, and Nashville. The suburban areas of Little Rock, New Orleans, Austin, and Tulsa had the highest vacancy rates. Markets in South Carolina and Tennessee had the lowest suburban vacancy rates.

High tech space was overbuilt in a majority of the markets in the South, only Birmingham and Louisville had a shortage of this property type. The supply of bulk warehouse and manufacturing space was adequate. San Antonio, New Orleans, and Mobile had a significant oversupply of bulk warehouse space.

Warehouse space seemed to be the most demanded, as the majority of net absorption occurred in this property type. Houston experienced one of the greatest turnarounds of any industrial market in the country, with a net absorption of over six million square feet. Atlanta, New Orleans, and Richmond had a decrease in the total occupancy of industrial space in the central city and suburban areas.

The South had the lowest average industrial lease rates for both central city and suburban locations. In central cities, Fort Smith, Arkansas had the lowest bulk space lease rate and Baltimore, Maryland had the highest. For high tech space in central cities, Roanoke, Virginia had the lowest lease rate and Atlanta, Georgia had the highest. Washington D.C. had the highest suburban lease rates, while San Antonio and Roanoke had the lowest lease rates for bulk and high tech space, respectively. Sales prices for industrial property were the second lowest in the country, and averaged approximately five dollars higher than the country's lowest industrial sales prices.

Norfolk/Virginia Beach and El Paso had the most new industrial construction. Both markets had over one million square feet of new construction. Tennessee and Florida had the most market areas reporting new construction.

1989 SOUTH INDUSTRIAL FORECAST

Overall new industrial construction in the South will be less than during 1988. Warehouse and manufacturing space is expected to absorb more quickly than high tech space in most market areas.

Vacancy rates should decline if demand remains similar to this past year, as expected. Industrial space in Gulf Coast port cities could experience increased absorption if international trade continues to be active.

MIDWEST INDUSTRIAL MARKET

1988 REVIEW

Industrial space in the Midwest made up 35 percent of the total space included in the SIOR study. Over one-half of the industrial space included in the Midwest was located in suburban areas. All but five of the 26 market areas in the Midwest experienced no change or a nominal increase in the rate of new construction from 1987 to 1988. Ohio and Indiana, however, did report increased industrial construction in 1988.

Two of the lowest average vacancy rates in the country were located in Ohio cities. Columbus had the second lowest central city vacancy rate of 1.8 percent, and Cincinnati had the lowest suburban vacancy rate of 1.6 percent. Gary/Hammond/East Chicago had the highest average vacancy rates for both central city and suburban industrial space. Midwest vacancy rates were generally lower than any other region of the country.

Warehouse space was the most demanded industrial type. Manufacturing space accounted for a greater portion of net absorption in the Midwest than any other region of the country. High tech space was the only property type considered to be overbuilt in a majority of the market areas.

Average industrial lease rates were less than one dollar higher than the lowest lease rates in the country (in the South). Indianapolis had the highest central city lease rates in the region. Jackson, Michigan and Omaha, Nebraska had the lowest central city lease rates for bulk and high tech space, respectively. Suburban lease rates were greatest in Indianapolis for high tech and Minneapolis for bulk space. The lowest suburban lease rates were in Jackson and Milwaukee.

Minneapolis and Detroit had the most industrial space under construction, each with over one million square feet. Ohio had the most market areas with new construction, Dayton, Cleveland, and Cincinnati.

1989 MIDWEST INDUSTRIAL FORECAST

Respondents in over 50 percent of the markets in the Midwest expect new construction of warehouse and manufacturing space to increase. Survey respondents from Cleveland, Grand Rapids, Chicago, Cincinnati, Indianapolis, and Jackson, MI are expecting the greatest increase in construction for warehouse and manufacturing space.

Demand for industrial space, specifically in warehouse projects, should continue in most Midwest market areas. The industrial market should be characterized by modest improvements in vacancy rates. Sales prices and lease rates are expected to remain relatively the same as 1988.

WEST INDUSTRIAL MARKET

1988 REVIEW

New construction characterized the industrial real estate market in the West during 1988. In fact, the region had more industrial construction than any other part of the country, with over 29 million square feet of space under construction.

Average vacancy rates were generally higher in the West than other areas in the country. San Bernardino and Oakland had the greatest vacancy rates for central city space, while the east side of Los Angeles and Seattle had the lowest vacancy rates. The areas surrounding Los Angeles had the highest suburban vacancy rates, and Seattle and Reno had the lowest rates. The majority of markets had an oversupply of space in the 5,000 to 20,000 and 40,000 to 60,000 square foot ranges.

Similar to the other three U.S. regions, over one-half of all net absorption occurred in warehouse space. Orange County, Los Angeles had the greatest net absorption of any market area in the West.

Lease rates were higher than both the Midwest and South, but approximately one to two dollars lower than the Northeast. Sales prices tended to be lower than those in the Northeast, yet greater than those in the South and Midwest. Lease rates were highest in the Los Angeles area and San Diego, and lowest in Spokane and Salt Lake City.

1989 WEST INDUSTRIAL FORECAST

Demand for industrial space is expected to continue through 1989, as world trade remains active. New construction of high tech and manufacturing space will be lower than in 1988; however, most markets expect an increase in new warehouse construction.

Most SIOR survey respondents anticipate lease rates and sales prices to rise over the next year. Nonetheless, the Los Angeles area industrial lease rates and sales prices are expected to decline.

Sales and leasing activity in the West should remain active, with warehouse space making up the majority of the new industrial construction during the year.

INDUSTRIAL MARKETS BY CITY

CANADA

CALGARY: INDUSTRIAL

Market Area: Calgary Metropolitan Area

DEMOGRAPHICS

POPULATION: 624,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 52,520,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 3,560,000 sq.ft.(6.8%)

NET ABSORPTION
Central City: n/a
Suburban: 1,340,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 50,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

Consistent with the Calgary area's heavy reliance on energy industries, the economy was still stabilizing from the recession of the early 80s. The diversification of the economy to greater reliance on manufacturing and storage and distribution continued in 1988.

Conservative building throughout the recession resulted in a industrial real estate market with a 6.8 percent vacancy rate and shortages of space in facilities under 60,000 square feet, with larger spaces and high-tech properties in relative balance. Construction was up modestly, but still totalled only 50,000 square feet in suburban areas.

Warehousing/distribution accounted for 77 percent of the absorption in 1988, with manufacturing consuming 20 percent of the space and high-tech/R & D consuming the remaining three percent.

1989 FORECAST

SIOR respondents are optimistic about the future, expecting increases in absorption of six to 10 percent in all property classes this year. Construction is also expected to increase at about the same rate.

The continued tight real estate market will result in increasing sales and lease prices for industrial properties, with sales prices increasing one to five percent, while lease prices will be 11 to 15 percent above a year ago.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	77%	20%	3%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 11-15%	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.75	$2.64	$2.07	$1.75	$1.05	$0.34	$0.11

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$42.00	n/a	$4.50	$50.00	Substantial Shortage
5,000 to 19,999	n/a	$35.00	n/a	$3.50	$32.00	Moderate Shortage
20,000 to 39,999	n/a	$32.00	n/a	$3.00	$27.00	Moderate Shortage
40,000 to 59,999	n/a	$27.00	n/a	$2.75	$24.00	Moderate Shortage
60,000 to 99,999	n/a	$30.00	n/a	$2.25	$22.00	Balanced Market
MORE THAN 100,000	n/a	n/a	n/a	$2.00	$18.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	n/a	$8.00	$50.00	Balanced Market

MONTREAL: INDUSTRIAL

Market Area: Montreal, Laval, South Shore, Suburbs on the Island of Montreal, and Vaudreuil

DEMOGRAPHICS

POPULATION: 2,921,357 (1986)
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $24,038
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Trust Cos.
Mortgage Cos.

1988 REVIEW

NOTE: All figures are presented in Canadian Dollars.

The overall leasing and sales activity decreased somewhat during the last six months of 1988, compared to the level existing twelve to eighteen months prior. The rate of new construction for all industrial property types was lower than 1987. The rental market remained reasonably active. Demand from potential purchasers of industrial property increased, as the trend for owner-occupied industrial space continued.

The high cost of developable industrial sites prohibited most new construction thus, many owner-users upgraded well-located older properties instead of building new facilities.

1989 FORECAST

The shortage of most larger industrial space is expected to continue, primarily because new construction is limited and demand remains stable. Rehabilitation of older properties will probably be the norm for 1989.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	30%	10%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Down 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$6.00-$10.00	$6.00-$10.00	$4.50-$10.00	$4.00-$8.00	$1.00-$1.50	$0.75-$1.25	$0.60-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$60.00-$80.00	n/a	$5.25-$6.50	$50.00-$55.00	Balanced Market
5,000 to 19,999	n/a	$45.00-$65.00	n/a	$4.75-$5.25	$40.00-$50.00	Balanced Market
20,000 to 39,999	n/a	$40.00-$50.00	n/a	$4.50-$5.00	$35.00-$40.00	Moderate Shortage
40,000 to 59,999	n/a	$38.00-$45.00	n/a	$4.50-$5.00	$34.00-$36.00	Moderate Shortage
60,000 to 99,999	n/a	$38.00-$45.00	n/a	$4.50-$5.00	$32.00-$34.00	Moderate Shortage
MORE THAN 100,000	n/a	$35.00-$45.00	n/a	$4.50-$5.00	$32.00	Moderate Shortage
HIGH TECH/R & D	n/a	$55.00-$70.00	n/a	$8.50-$13.00	$50.00-$65.00	Moderate Shortage

TORONTO: INDUSTRIAL

Market Area: Toronto, Mississauga, Brampton, Vaughan, Markham, Durham, York, Scarborough, and Etobicoke

DEMOGRAPHICS

POPULATION: 3,427,168 (1986)
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.50%
MEDIAN HOUSEHOLD INCOME: $28,765
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 60,000,000 sq.ft.
Suburban: 530,000,000 sq.ft.

VACANT INVENTORY
Central City: 3,500,000 sq.ft. (5.8%)
Suburban: 37,000,000 sq.ft. (7.0%)

NET ABSORPTION
Central City: 1,500,000 sq.ft.
Suburban: 22,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,250,000 sq.ft.
Suburban: 32,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Pension Funds

1988 REVIEW

The strong industrial market in the Toronto area was attributed to a solid economy and continued consumer confidence in the wake of the stock market disruption of October 1987. The manufacturing sector continued to expand, and interest rates were stable, and provided ample funds for developers and users.

Industrial building sales were higher in 1988. Last year also saw the onset of several sizeable real estate investment funds, which played key roles in the investment and redevelopment side of the market. The influence of these groups along with foreign investors from Europe and Hong Kong pushed building sales to or above asking prices and replacement costs.

1989 FORECAST

The low unemployment rate in Toronto should cause a reluctance by tenants and owners to relocate out of the established labor pool areas. Therefore, buildings for sale inside the area should continue to sell at record prices. Currently there is a shortage of serviced industrial land for sale, especially for larger developments. This shortage is likely to continue. Large developer-owned, build-to-suit business parks will be available in the suburbs.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	55%	15%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Same	Down 6-10%
DOLLAR VOLUME – SALES**	Down 1-5%	Same	Down 6-10%
DOLLAR VOLUME – LEASES**	Down 6-10%	Down 1-5%	Down 6-10%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$10.00-$20.00	$10.00-$15.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$8.00-$23.00	$7.50-$13.00	$6.25-$7.00	$5.00-$7.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$70.00-$90.00	$90.00-$130.00	$5.00-$7.50	$4.50-$7.00	$55.00-$65.00	Balanced Market
5,000 to 19,999	$65.00-$85.00	$85.00-$110.00	$5.00-$7.50	$4.50-$7.00	$50.00-$55.00	Balanced Market
20,000 to 39,999	$50.00-$70.00	$60.00-$80.00	$4.50-$6.50	$4.50-$6.50	$45.00-$50.00	Moderate Shortage
40,000 to 59,999	$50.00-$70.00	$60.00-$80.00	$4.50-$6.50	$4.25-$6.25	$39.00-$44.00	Moderate Shortage
60,000 to 99,999	$45.00-$60.00	$45.00-$60.00	$4.50-$5.25	$4.00-$5.50	$35.00-$40.00	Balanced Market
MORE THAN 100,000	$45.00-$60.00	$40.00-$60.00	$4.50-$5.25	$4.00-$5.25	$35.00	Moderate Shortage
HIGH TECH/R & D	n/a	$90.00-$160.00	n/a	$6.75-$9.00	$75.00	Balanced Market

ENGLAND

LONDON: INDUSTRIAL

Market Area: London Metropolitan Area

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Pension Funds, Commercial Banks

1988 REVIEW

All figures are presented in U.S. dollars.

London's industrial market was generally strong during 1988. The economic base continued to shift from manufacturing to the service sector. Construction of high tech/R & D space outpaced both manufacturing and warehouse space. Most of the absorption occurred in warehouse and distribution and high tech/R & D space. Shortages of industrial space were evident in buildings with less than 20,000 square feet and in buildings with greater than 40,000 square feet of space available. Demand was particularly concentrated along the main transportation routes, the London orbital route (M25) and the Channel Tunnel (under construction).

1989 FORECAST

New construction should increase during 1989. A limited supply of developable sites will constrain new industrial construction. Sales prices, lease rates, and absorption are expected to increase for all three product types.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

SITE PRICES
Up 20%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 20%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	47%	18%	35%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Up 20%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 6-10%	Up 25%
DOLLAR VOLUME – LEASES**	Up 20%	Up 11-15%	Up 25%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$45.00	$35.00	$30.00	$30.00	$30.00-$40.00	$25.00	$20.00
SUBURBAN	$40.00	$32.00	$27.00	$27.00	$28.00-$37.00	$23.00	$20.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$180.00	$110.00	$12.00	$10.50	$78.00	Substantial Shortage
5,000 to 19,999	$135.00	$110.00	$10.00	$9.50	$70.00	Moderate Shortage
20,000 to 39,999	$115.00	$90.00	$10.00	$9.50	$66.00	Balanced Market
40,000 to 59,999	$95.00	$75.00	$9.50	$9.50	$62.00	Moderate Shortage
60,000 to 99,999	$95.00	$75.00	$9.50	$9.50	$60.00	Substantial Shortage
MORE THAN 100,000	$95.00	$75.00	$9.50	$9.40	$60.00	Substantial Shortage
HIGH TECH/R & D	$310.00	$300.00	$25.00	$24.00	$180.00	Balanced Market

FRANCE

PARIS: INDUSTRIAL

Market Area: Paris Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,188,960
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 826,000 sq.ft.
Suburban: 764,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Various sources of financing

1988 REVIEW

The Paris industrial real estate market was very active due to a considerable amount of firm relocations and expansions. Industrial space was difficult to find within the city. Most of the modern industrial projects continue to be located in the suburbs, called the "Paris area outer ring". Most of the industrial demand in the suburbs was for space proximate to the highways (Francilienne). Rehabilitation of old and out-dated industrial properties continued to be a trend in the Paris area.

1989 FORECAST

Construction of manufacturing and high tech properties is expected to be the most common during 1989. Net absorption for warehouse/distribution properties should increase. Sales and lease prices are anticipated to increase. Long term leases for land should remain difficult to find, limiting new construction.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Up 30%
Warehouse/Distribution: Up 13%
High Tech/R & D: Up 30%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 11-15%
DOLLAR VOLUME – SALES**	n/a	n/a	n/a
DOLLAR VOLUME – LEASES**	n/a	n/a	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$5.00-$8.00	$6.00-$9.00	$6.00-$9.00	$5.00-$7.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$100.00	$70.00	$13.00	$10.00	$40.00	Moderate Shortage
5,000 to 19,999	$80.00	$50.00	$10.00	$8.00	$35.00	Balanced Market
20,000 to 39,999	$70.00	$50.00	n/a	$7.00	$55.00	Balanced Market
40,000 to 59,999	$60.00	$45.00	n/a	$6.00	$35.00	Balanced Market
60,000 to 99,999	$60.00	$40.00	n/a	$6.00	$35.00	Balanced Market
MORE THAN 100,000	$60.00	$35.00	n/a	$5.00	$35.00	n/a
HIGH TECH/R & D	$130.00	$100.00	n/a	$10.00	$60.00	Moderate Oversupply

MEXICO

MEXICO CITY: INDUSTRIAL

Market Area: Mexico City Metropolitan Area

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 120,000,000 sq.ft.
Suburban: 800,000,000 sq.ft.

VACANT INVENTORY
Central City: 0 sq.ft.
Suburban: 750,000 sq.ft.(.09%)

NET ABSORPTION
Central City: n/a
Suburban: 1,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 1,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
n/a

PRIME SOURCE OF FINANCING
Local Authorities backed by Financial Institutions

1988 REVIEW

Mexico City's influential zone within its metropolitan area is integrated by fifty municipalities belonging to the State of Mexico, one to the State of Hildago, and the Federal District which is the nation's capital. This area constitutes the most important industrial development nucleus in the country. Mexico City is the world's largest city and supports the 35 percent of the total population of Mexico. Industrial investment has been actively occurring in Toluca, Lerma, Atlacomulco and Jilotemec. The accelerated dynamics of the maquila industry created excellent opportunities for foreign investors to become involved in the region.

The maquila industry created "sister plants" that extend beyond Mexico's border. They are designed to circumvent import and export restrictions and to minimize international labor costs and transportion costs. Manufacturing facilities in Mexico and the bordering country are used to produce the same goods.

1989 FORECAST

The Maquila companies are expected to continue as foreign industrial investment increases. The Mexico City region is expected to remain the basis of industry for Mexico, as this area represents 46 percent of the nation's total industrial output.

OUTLOOK

SALES PRICES
Manufacturing: Up 35%
Warehouse/Distribution: Up 35%
High Tech/R & D: Up 35%

LEASE PRICES
Manufacturing: Up 35%
Warehouse/Distribution: Up 35%
High Tech/R & D: Up 35%

SITE PRICES
Up 35%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	55%	25%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME – SALES**	n/a	n/a	n/a
DOLLAR VOLUME – LEASES**	n/a	n/a	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.00	$2.00	$2.00	$1.80	$1.00	$0.90	$0.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$35.00	n/a	$4.00	$30.00	Balanced Market
5,000 to 19,999	n/a	$32.00	n/a	$3.50	$30.00	Balanced Market
20,000 to 39,999	n/a	$32.00	n/a	$3.50	$30.00	Balanced Market
40,000 to 59,999	n/a	$32.00	n/a	$3.50	$28.00	Balanced Market
60,000 to 99,999	n/a	$30.00	n/a	$3.00	$28.00	Balanced Market
MORE THAN 100,000	n/a	$30.00	n/a	$3.00	$28.00	Balanced Market
HIGH TECH/R & D	n/a	$35.00	n/a	$4.00	$32.00	Balanced Market

UNITED STATES

AKRON: INDUSTRIAL

Market Area: Akron Metropolitan Area

1988 REVIEW

The Akron regional economy continued on an upturn, with skilled labor in critical short supply. Most of the demand for industrial space came from the expansion and relocation of businesses.

Most of the industrial leasing activity occurred in the northern suburbs of the city. The closing of the Terex Company plant made over 2 million square feet of space available. This resulted in a tremendous negative net absorption for the suburban market. Industrial space ranging from 10,000 to 30,000 square feet was in relatively short supply. Large industrial users were almost non-existent.

1989 FORECAST

Limited speculative development will occur. Demand for leased space should come primarily from small firms needing additional space. The low unemployment rate is expected to remain a problem for industrial firms seeking new employees.

DEMOGRAPHICS

POPULATION: 640,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.40%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $27,856
RANK BY INCOME: 84
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 25,000,000 sq.ft.
Suburban: 20,751,000 sq.ft.

VACANT INVENTORY
Central City: 753,900 sq.ft.(3.0%)
Suburban: 2,701,280 sq.ft.(13.0%)

NET ABSORPTION
Central City: 240,450 sq.ft.
Suburban: (2,001,280) sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	44%	55%	1%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.60-$1.20	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.90-$1.20	$0.40-$1.00	$0.35-$0.90	$0.25-$0.35	$0.10-$0.15	$0.03-$0.15	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$35.00	$25.00-$28.00	$3.50-$4.50	$3.50-$4.75	$58.00-$64.00	Balanced Market
5,000 to 19,999	$20.00-$25.00	$22.00-$30.00	$2.75-$3.75	$2.50-$3.50	$43.00-$58.00	Moderate Shortage
20,000 to 39,999	$18.00-$22.00	$16.00-$22.00	$2.50-$3.50	$2.25-$3.25	$39.00-$52.00	Moderate Shortage
40,000 to 59,999	n/a	$12.00-$15.00	$1.75-$2.25	$1.75-$2.25	$28.00-$32.00	Moderate Shortage
60,000 to 99,999	n/a	$10.00-$14.00	$1.50-$2.00	$1.25-$2.00	$18.00-$25.00	Substantial Shortage
MORE THAN 100,000	n/a	$7.50-$12.00	n/a	$1.25-$2.00	$16.00-$22.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$75.00-$100.00	Moderate Shortage

ALBANY: INDUSTRIAL

Market Area: Albany, Rensselear, Saratoga, and Schenectady Counties

1988 REVIEW

In 1988, distribution operations expanded Albany's industrial base, capitalizing on the area's interstate highway and rail access. Demand for industrial space remained strong, particularly in the warehouse and distribution sector. A lack of quality buildings for sale existed in all size categories. Large one-story lease buildings were also scarce. Strong demand combined with shortages in supply held vacancy rates low at 13.9 percent in the central city and 9.3 percent in the suburbs.

The cost of industrial land sites with zoning and utilities in central locations rose in 1988. This encouraged users to look toward the rural areas of the region for expansion.

1989 FORECAST

Industrial speculative building in the region is not prevalent, however two projects under 50,000 square feet are currently underway. Most buildings will be owner developed or built to suit by a developer.

In general, the outlook for the Albany area is much the same as 1988. Some categories of construction, absorption and lease prices should increase slightly. Site prices are expected to increase six to 10 percent.

DEMOGRAPHICS

POPULATION: 848,600
RANK BY POPULATION: 59
POPULATION GROWTH RATE: 0.80%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $27,523
RANK BY INCOME: 97
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 5,750,000 sq.ft.
Suburban: 15,900,000 sq.ft.

VACANT INVENTORY
Central City: 800,000 sq.ft.(13.9%)
Suburban: 1,479,000 sq.ft.(9.3%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 100,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.40-$1.75	$1.30-$1.50	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.50-$1.75	$1.25-$1.60	$0.85-$1.25	$0.75-$1.10	$0.30-$0.40	$0.25-$0.35	$0.15-$0.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$23.00-$29.00	$28.00-$40.00	$3.25-$4.00	$4.25-$5.00	$32.00-$36.00	Substantial Shortage
5,000 to 19,999	$19.00-$28.00	$26.00-$34.00	$2.75-$3.25	$3.50-$4.25	$29.00-$33.00	Substantial Shortage
20,000 to 39,999	$18.00-$27.00	$18.00-$33.00	$2.50-$3.00	$2.75-$3.50	$26.00-$31.00	Moderate Shortage
40,000 to 59,999	$15.00-$22.00	$17.00-$24.00	$2.25-$2.75	$2.50-$3.00	$26.00-$31.00	Moderate Shortage
60,000 to 99,999	$14.00-$21.00	$15.00-$22.00	$2.00-$2.50	$2.50-$3.00	$20.00-$25.00	Substantial Shortage
MORE THAN 100,000	n/a	$11.00-$21.00	$1.50-$2.25	$2.00-$2.75	$18.00-$25.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	$5.00-$7.00	n/a	Balanced Market

ALBUQUERQUE: INDUSTRIAL

Market Area: Albuquerque, Bernalillo County (outside city limits) and Rio Rancho

DEMOGRAPHICS

POPULATION: 484,800
RANK BY POPULATION: 84
POPULATION GROWTH RATE: 1.26%
UNEMPLOYMENT RATE: 5.0%
MEDIAN HOUSEHOLD INCOME: $26,096
RANK BY INCOME: 142
COST OF LIVING INDEX: 104.1
RANK BY COST OF LIVING: 28

MARKET DATA

TOTAL INVENTORY
Central City: 8,700,000 sq.ft.
Suburban: 3,800,000 sq.ft.

VACANT INVENTORY
Central City: 1,000,000 sq.ft.(11.5%)
Suburban: 400,000 sq.ft.(10.5%)

NET ABSORPTION
Central City: 200,000 sq.ft.
Suburban: 100,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 100,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Owner Financing

1988 REVIEW

Economic activity in the Albuquerque area was low in 1988, leading to limited activity in industrial real estate. During the year only 300,000 square feet of space was absorbed, roughly the same as in 1987. Vacancies remained relatively high, averaging 11.8 percent in the central city and 10.8 percent in the suburbs.

The rate of industrial construction was significantly lower than in 1987 for all types of properties.

Warehousing and distribution uses contributed the largest share of absorption during 1988, 70 percent. Manufacturing applications accounted for 20 percent, while high tech space was 10 percent of the total. This represented a stronger distribution market than that of the year before, at the expense of high tech usage.

1989 FORECAST

SIOR respondents foresee a market in 1989 which mirrors the last two years in many respects. Manufacturing and high tech absorption and construction are expected to remain at current levels, while warehouse absorption and construction are expected to pick up somewhat.

Despite steady markets and balanced to moderately oversupplied markets, prices for all types of industrial properties are expected to be soft, with both sales and lease prices declining by one to five percent, regardless of property type.

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00-$4.00	$2.50-$3.50	$2.00-$3.00	$1.75-$2.50	$1.80	$1.25	$1.00
SUBURBAN	$1.50-$2.00	$1.00-$1.75	$0.75-$1.50	$0.50-$1.00	$1.00	$0.50	$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$40.00	$40.00	$6.50	$5.00	$37.50	Moderate Oversupply
5,000 to 19,999	$35.00	$35.00	$5.50	$4.50	$32.50	Moderate Oversupply
20,000 to 39,999	$30.00	$30.00	$4.50	$3.75	$32.50	Moderate Oversupply
40,000 to 59,999	$25.00	$25.00	$4.25	$3.50	$32.50	Balanced Market
60,000 to 99,999	$25.00	$25.00	$4.00	n/a	$27.50	Balanced Market
MORE THAN 100,000	$25.00	$25.00	$3.50	n/a	$27.50	Balanced Market
HIGH TECH/R & D	$50.00-$60.00	$50.00-$60.00	$10.00-$11.00	$10.00	$55.00	Balanced Market

ATLANTA: INDUSTRIAL

Market Area: Atlanta Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,646,800
RANK BY POPULATION: 10
POPULATION GROWTH RATE: 1.68%
UNEMPLOYMENT RATE: 4.4%
MEDIAN HOUSEHOLD INCOME: $30,804
RANK BY INCOME: 33
COST OF LIVING INDEX: 110.8
RANK BY COST OF LIVING: 16

MARKET DATA

TOTAL INVENTORY
Central City: 25,104,042 sq.ft.
Suburban: 182,871,241 sq.ft.

VACANT INVENTORY
Central City: 5,920,079 sq.ft.(23.6%)
Suburban: 27,401,982 sq.ft.(15.0%)

NET ABSORPTION
Central City: (408,258) sq.ft.
Suburban: (3,113,237) sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 2,254,253 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks, Insurance Cos.

1988 REVIEW

Economic activity in the Atlanta area remained on a high plateau during 1988. Despite this strength, however, the industrial real estate market did not perform as well as might be expected. This was due to an overhang of vacant space, with additional vacant space added to that inventory during the year because of shifting roles between competitive space and build-to-suit space. In fact, the net absorption of competitive space last year in the area was in addition to the vacant inventory of 3.5 million square feet already on the market.

The market was clearly overbuilt across the board, with a central city vacancy rate of 23.6 percent and a suburban vacancy rate of 15 percent, very high by national standards.

1989 FORECAST

The outlook by SIOR respondents is for a continued active build-to-suit industrial market, to the detriment of competitive space. This means that the level of vacant space may well increase again in 1989.

Despite the level of inventory, the market is strong enough to resist much price discounting, although both sales and lease prices are expected to remain at current levels for the next year.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	74%	14%	12%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 1-5%	Down 11-15%
DOLLAR VOLUME – SALES**	Down 6-10%	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Down 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.50	$1.75	$1.50	$1.75	$1.40	$1.00
SUBURBAN	$2.50	$2.30	$1.95	$1.50	$2.00	$1.75	$1.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$35.00	$40.00-$50.00	$3.75-$4.25	$3.75-$6.00	$40.00-$45.00	Balanced Market
5,000 to 19,999	$25.00-$35.00	$35.00-$40.00	$2.75-$3.25	$3.25-$4.50	$30.00-$35.00	Moderate Oversupply
20,000 to 39,999	$20.00-$25.00	$25.00-$30.00	$2.25-$2.60	$3.00-$4.00	$25.00-$30.00	Moderate Oversupply
40,000 to 59,999	$20.00-$25.00	$25.00-$30.00	$2.25-$2.50	$2.75-$3.25	$24.00-$28.00	Moderate Oversupply
60,000 to 99,999	$19.00-$25.00	$20.00-$25.00	$2.25-$2.50	$2.25-$2.75	$19.00-$22.00	Moderate Oversupply
MORE THAN 100,000	$16.00-$18.00	$18.00-$22.00	$2.25-$2.50	$2.00-$2.50	$16.00-$18.00	Moderate Oversupply
HIGH TECH/R & D	$50.00-$75.00	$65.00-$80.00	$5.50-$12.00	$6.50-$9.50	$50.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 750,100
RANK BY POPULATION: 64
POPULATION GROWTH RATE: -0.02%
UNEMPLOYMENT RATE: 5.0%
MEDIAN HOUSEHOLD INCOME: $28,703
RANK BY INCOME: 58
COST OF LIVING INDEX: 100.2
RANK BY COST OF LIVING: 41

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 13,338,376 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 3,170,970 sq.ft. (23.8%)

NET ABSORPTION
Central City: n/a
Suburban: 202,850

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Insurance Companies

AUSTIN: INDUSTRIAL

Market Area: Austin Metropolitan Area

1988 REVIEW

With unemployment declining throughout 1988 the economy in Austin recorded gains that spilled over into the industrial real estate market. Just over 200,000 square feet of space were absorbed during the year, but the businesses absorbing space were very balanced. High tech space led the list, accounting for 40 percent of the space. Manufacturing and Distribution evenly split the remainder.

Despite these positive signs the market remained overbuilt, recording a 23.8 percent vacancy. Oversupply was most pronounced in smaller size buildings and in high tech space, even though high tech was the strongest performer during the year.

1989 FORECAST

SIOR respondents expect that 1989 will see absorption of some excess inventory, since demand is expected to increase by 11 to 15 percent and little speculative building is anticipated. The absorption outlook is the same for all categories of space.

The heavy level of inventory is expected to depress prices of properties available for sale, with declines of six to 10 percent. However, 1989 should mark a final bottoming out of the prices. Lease prices are expected to remain stable.

OUTLOOK

SALES PRICES
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	30%	40%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

LOCATION	*IMPROVED SITES* LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	*UNIMPROVED SITES* LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00	$3.00	$2.50	$2.00	$2.75	$1.75	$1.00
SUBURBAN	$2.00	$1.50	$1.25	$1.00	$1.00	$0.80	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$37.60	$37.60	n/a	$3.00	$28.00	Moderate Oversupply
5,000 to 19,999	$37.40	$37.40	n/a	$2.76	$26.00	Moderate Oversupply
20,000 to 39,999	$34.85	$34.85	n/a	$2.52	$23.00	Moderate Oversupply
40,000 to 59,999	$31.45	$31.45	n/a	$2.52	$20.00	Moderate Shortage
60,000 to 99,999	$28.80	$28.80	n/a	$2.52	$19.00	Moderate Shortage
MORE THAN 100,000	$28.80	$28.80	n/a	$2.52	$17.00	Moderate Shortage
HIGH TECH/R & D	$60.00	$60.00	n/a	$5.40	$40.00	Moderate Oversupply

BALTIMORE: INDUSTRIAL

Market Area: Baltimore Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,304,000
RANK BY POPULATION: 14
POPULATION GROWTH RATE: 0.81%
UNEMPLOYMENT RATE: 5.3%
MEDIAN HOUSEHOLD INCOME: $30,269
RANK BY INCOME: 37
COST OF LIVING INDEX: 105.7
RANK BY COST OF LIVING: 21

MARKET DATA

TOTAL INVENTORY
Central City: 20,325,000 sq.ft.
Suburban: 55,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,286,000 sq.ft.(11.3%)
Suburban: 6,600,000 sq.ft.(12.0%)

NET ABSORPTION
Central City: 1,714,000 sq.ft.
Suburban: 3,100,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 3,500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The Baltimore economy diversified in the past several years and became less dependent on heavy industry. The change was not detrimental to the industrial real estate market in 1988, however. With the demise of the steel industry came the expansion of lighter manufacturing industries, such as electrical machinery, printing, and publishing. Industrial sales and leasing were very active, with a strong sales market and a balanced lease market. Vacancies remained relatively low at 11 to 12 percent.

In general, the economy performed well, benefitting in part from its east coast location and its proximity to Washington, D.C. Respondents note, however, that there was little foreign investment in the city.

1989 FORECAST

Baltimore's strong local economy should continue into 1989. Construction will be heavy, but with expected land price increases, speculative building will stabilize. In fact, warehousing/distribution and high tech construction should decrease one to five percent from 1988 levels. Site prices and sales prices should increase one to five percent, and lease prices are expected to decrease for high tech space by one to five percent. All industrial absorption will remain at 1988 levels in the coming year.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	20%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up1-5%	Same
DOLLAR VOLUME – SALES**	Same	Same	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00-$2.75	$2.00-$2.50	$2.00-$2.50	n/a	$1.75-$2.00	$1.50	n/a
SUBURBAN	$2.50-$7.00	$2.50-$7.00	$2.50-$7.00	$2.50-$6.00	$1.50-$3.00	$0.75-$2.00	$0.75-$1.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$40.00-$50.00	$60.00-$75.00	$4.00-$5.00	$5.50-$7.00	$60.00	Substantial Shortage
5,000 to 19,999	$30.00-$35.00	$40.00-$65.00	$3.50-$4.50	$4.50-$5.50	$40.00	Balanced Market
20,000 to 39,999	$18.00-$25.00	$40.00-$50.00	$3.50-$4.50	$4.00-$4.50	$25.00	Balanced Market
40,000 to 59,999	$22.00-$25.00	$30.00-$35.00	$3.50	$3.75-$4.50	$25.00-$30.00	Balanced Market
60,000 to 99,999	$22.00-$25.00	$30.00	$2.75-$3.50	$3.25-$4.00	$25.00	Balanced Market
MORE THAN 100,000	$20.00	$25.00-$40.00	$2.50-$3.50	$3.00-$3.75	$22.00-$25.00	Moderate Shortage
HIGH TECH/R & D	n/a	$60.00-$75.00	$4.50	$7.00-$11.50	$55.00	Substantial Oversupply

BIRMINGHAM: INDUSTRIAL

Market Area: Birmingham, Tarrant, Pinson, Hoover, Bessemer, and Oxmoor.

1988 REVIEW

The Birmingham local economy was healthy in 1988. The area's orientation toward the service industry was well established, but the manufacturing industry also grew.

In 1988, demand for good quality industrial buildings, especially bulk distribution, exceeded supply. That year, 537,000 square feet of multi-tenant industrial space was absorbed, up from an average of 260,000 square feet annually. Expansion of local companies comprised 80 percent of the absorption.

Substantial shortages in three property categories kept vacancy rates low. They averaged 10 percent in the central city and 4.3 percent in the suburbs.

1989 FORECAST

After several years of no speculative bulk distribution developments, two major parks totalling 1,860,000 square feet will be under construction in 1989. Overall construction is expected to increase six to 10 percent over 1988. Absorption, too, should increase six to 10 percent, with the exception of manufacturing space which may climb 11 to 15 percent.

The strong outlook continues with sales and lease prices expected to increase one to five percent in 1989. Site prices will also be up six to 10 percent.

DEMOGRAPHICS

POPULATION: 923,500
RANK BY POPULATION: 55
POPULATION GROWTH RATE: 0.91%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $23,523
RANK BY INCOME: 225
COST OF LIVING INDEX: 99
RANK BY COST OF LIVING: 46

MARKET DATA

TOTAL INVENTORY
Central City: 15,000,000 sq.ft.
Suburban: 60,000,000 sq.ft.

VACANT INVENTORY
Central City: 1,500,000 sq.ft.(10.0%)
Suburban: 2,597,000 sq.ft.(4.3%)

NET ABSORPTION
Central City: 160,000 sq.ft.
Suburban: 1,100,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 150,000 sq.ft.
Suburban: 1,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$5.00	$4.00	$3.50	n/a	$2.00	n/a	n/a
SUBURBAN	$2.00	$1.80	$1.25	$1.25	$1.00	$0.50	$0.30

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$29.00	$40.00	$3.50	$5.15	$32.00	Balanced Market
5,000 to 19,999	$22.00	$28.00	$3.25	$4.50	$28.00	Moderate Oversupply
20,000 to 39,999	$20.00	$27.00	$3.00	$3.25	$20.00	Balanced Market
40,000 to 59,999	$18.00	$22.00	$2.50	$3.00	$18.00	Moderate Shortage
60,000 to 99,999	$15.00	$18.00	$2.25	$2.50	$17.00	Substantial Shortage
MORE THAN 100,000	$15.00	$17.00	$2.00	$2.50	$15.00	Substantial Shortage
HIGH TECH/R & D	$50.00	$50.00	$8.50	$9.00	$40.00	Substantial Shortage

BOSTON: INDUSTRIAL

Market Area: Boston Metropolitan Area

1988 REVIEW

The Boston economy was fuelled by the success of high tech, defense and service industries in 1988. During that year, the demand for industrial and high tech space remained basically constant, although it increased slightly over the previous two years. Specifically, the demand for manufacturing and warehouse space remained healthy while the demand for high tech space was essentially flat.

The Boston vacancy situation ranged from a substantial shortage for industrial property of less than 5,000 square feet to a substantial oversupply for high tech space. Overall, vacancy rates remained fairly high at 20.5 percent in the central city and 21 percent in the suburbs.

1989 FORECAST

The Boston industrial economy may be changing. High tech space, having been flat for several years, may be heading for a comeback while the defense industry should slow slightly.

Speculative warehouse development will be limited by the availability of sites in a realistic price range. However, new well-located speculative warehousing should lease promptly.

DEMOGRAPHICS

POPULATION: 3,717,800
RANK BY POPULATION: 6
POPULATION GROWTH RATE: 1.22%
UNEMPLOYMENT RATE: 2.5%
MEDIAN HOUSEHOLD INCOME: $32,012
RANK BY INCOME: 23
COST OF LIVING INDEX: 149.2
RANK BY COST OF LIVING: 1

MARKET DATA

TOTAL INVENTORY
Central City: 16,600,000 sq.ft.
Suburban: 75,000,000 sq.ft.

VACANT INVENTORY
Central City: 3,400,000 sq.ft.(20.5%)
Suburban: 15,750,000 sq.ft.(21.0%)

NET ABSORPTION
Central City: 200,000 sq.ft.
Suburban: 5,500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 400,000 sq.ft.
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks, Pension Funds

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Down 11-15%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 6-10%	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$10.00	$8.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$3.00	$2.50-$3.00	$2.50-$3.00	$2.50-$3.00	$2.00	$1.50	$1.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES - SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$60.00-$80.00	$60.00-$90.00	$5.00-$6.00	$5.00-$6.00	$50.00	Substantial Shortage
5,000 to 19,999	$60.00-$80.00	$60.00-$90.00	$5.00-$6.00	$5.00-$6.00	$45.00	Moderate Shortage
20,000 to 39,999	$60.00-$80.00	$60.00-$80.00	$4.50-$5.50	$4.50-$5.50	$40.00	Balanced Market
40,000 to 59,999	$60.00-$80.00	$60.00-$80.00	$4.75-$5.25	$4.75-$5.25	$35.00	Balanced Market
60,000 to 99,999	$60.00-$80.00	$60.00-$80.00	$4.75-$5.25	$4.75-$5.25	$30.00	Balanced Market
MORE THAN 100,000	$60.00-$80.00	$60.00-$80.00	$4.25-$5.25	$4.25-$5.25	$25.00	Balanced Market
HIGH TECH/R & D	$80.00	$80.00-$100.00	$7.50	$6.00-$7.50	$60.00	Substantial Oversupply

DEMOGRAPHICS

POPULATION: 822,900
RANK BY POPULATION: 61
POPULATION GROWTH RATE: 1.02%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $38,873
RANK BY INCOME: 6
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 20,000,000 sq.ft.
Suburban: 5,350,000 sq.ft.

VACANT INVENTORY
Central City: 3,250,000 sq.ft.(16.3%)
Suburban: 1,745,000 sq.ft.(32.6%)

NET ABSORPTION
Central City: 250,000 sq.ft.
Suburban: 120,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 120,000 sq.ft.
Suburban: 30,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

BRIDGEPORT/STRATFORD: INDUSTRIAL

Market Area: Bridgeport, Fairfield, Monroe, Shelton, Stratford, Trumbull

1988 REVIEW

While the economy in the Bridgeport/Stratford area in 1988 was relatively stable, the industrial real estate market recorded lackluster performance for the last 18 months. A total of 370,000 square feet of space was absorbed throughout the area during the year. As a result vacancy rates of 16.3 percent downtown and 32.6 percent in the suburbs persisted. Space for large industrial users was balanced, but the 20,000 to 100,000 square foot categories of space were oversupplied. Only spaces under 20,000 square feet were in short supply.

That industrial space which was absorbed last year was diversified, with equal 40 percent shares in manufacturing and distribution, while 20 percent was high-tech space.

1989 FORECAST

SIOR respondents expect continued sluggish performance this year, with high tech space leading the way with an increase of six to 10 percent in both absorption and construction. Distribution space should also increase, but manufacturing construction should decline while absorption continues at current levels.

Sales prices for industrial properties should increase this year because many users are looking for properties to purchase rather than lease. Accordingly, lease rates may decline as building owners seek tenants more aggressively.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	40%	20%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Down 6-10%	Up 6-10%
DOLLAR VOLUME – SALES**	Same	Down 1-5%	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 11-15%	Down 6-10%	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$8.00	$8.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	$10.50	$10.00	$9.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$74.00	n/a	$5.75	$6.00	$55.00	Moderate Shortage
5,000 to 19,999	$70.00	$65.00	$5.75	$6.00	$45.00	Moderate Shortage
20,000 to 39,999	$40.00	$60.00	$5.75	$6.75	$45.00	Moderate Oversupply
40,000 to 59,999	$40.00	$55.00	$5.25	$7.00	$40.00	Moderate Oversupply
60,000 to 99,999	n/a	$55.00	$5.00	$7.00	$40.00	Moderate Oversupply
MORE THAN 100,000	n/a	n/a	$5.00	n/a	$35.00	Balanced Market
HIGH TECH/R & D	n/a	$70.00	$10.00	$12.00	$70.00	Moderate Oversupply

BUFFALO: INDUSTRIAL

Market Area: Buffalo, Erie County

DEMOGRAPHICS

POPULATION: 966,100
RANK BY POPULATION: 49
POPULATION GROWTH RATE: 0.49%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $26,571
RANK BY INCOME: 128
COST OF LIVING INDEX: 96.4
RANK BY COST OF LIVING: 57

MARKET DATA

TOTAL INVENTORY
Central City: 27,500,000 sq.ft.
Suburban: 69,500,000 sq.ft.

VACANT INVENTORY
Central City: 2,200,000 sq.ft. (8.0%)
Suburban: 4,865,000 sq.ft. (7.0%)

NET ABSORPTION
Central City: 400,000 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 250,000 sq.ft.
Suburban: 400,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks, Taxable Revenue Bonds

1988 REVIEW

The Buffalo economy improved in late 1988. However, there was a moderate labor shortage in some areas.

Demand strengthened for industrial space in 1988. Specifically, an increase was recorded in the demand for warehousing and distribution and light manufacturing space in the 6,000 to 15,000 square foot category. Also, there was a strong demand to purchase 5,000 to 20,000 square foot distribution buildings. Very little demand existed for sale or lease of properties 100,000 square feet or more.

Most industrial property categories experienced a balanced market in 1988. Therefore vacancy rates remained very low at seven and eight percent in the suburbs and the central city, respectively.

1989 FORECAST

In 1989 developers will concentrate on building relatively small industrial spaces. The construction is expected to be in industrial parks consisting of 50,000 square foot shells which can be divided from 3,500 square feet and up.

The outlook for absorption, sales prices and lease prices is slightly higher for 1989, showing an expected one to five percent increase. Current users may expand and Canadian investment should increase.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.30-$0.50	$0.30-$0.50	$0.30-$0.50	$0.30-$0.50	$0.23-$0.30	$0.23-$0.25	$0.23-$0.25
SUBURBAN	$0.50-$0.75	$0.50-$0.75	$0.45-$0.65	$0.45-$0.60	$0.12-$0.18	$0.10-$0.15	$0.05-$0.09

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$30.00	$30.00-$40.00	$2.50-$3.00	$4.75-$5.25	$40.00-$50.00	Moderate Shortage
5,000 to 19,999	$15.00-$18.00	$25.00	$2.00-$2.50	$3.90-$4.50	$35.00-$45.00	Moderate Shortage
20,000 to 39,999	$12.00-$15.00	$15.00-$20.00	$1.75$2.25	$3.75-$4.25	$30.00-$35.00	Balanced Market
40,000 to 59,999	$12.00-$15.00	$12.00-$15.00	$2.00-$2.25	$3.75-$4.25	$30.00-$35.00	Balanced Market
60,000 to 99,999	$8.00-$10.00	$10.00-$15.00	$1.25-$1.75	$3.25-$3.75	$25.00-$30.00	Balanced Market
MORE THAN 100,000	$4.00-$6.00	$10.00-$15.00	$1.00-$1.75	$2.25-$2.50	$24.00-$28.00	Balanced Market
HIGH TECH/R & D	$45.00-$50.00	$50.00	$13.00-$15.00	$16.00-$18.00	$55.00-$60.00	Balanced Market

CHARLESTON, SC: INDUSTRIAL

Market Area: Charleston Metropolitan Area

1988 REVIEW

Charleston's economy has four primary components: military, industrial, the port, and tourism. Absorption of industrial real estate in 1988 was primarily in warehouse/distribution facilities. High tech space was readily available in a balanced market. Moderate shortages of typical industrial space in properties between 5,000 and 40,000 square feet was evident.

1989 FORECAST

New construction of warehouse/distribution facilities will be greater than in 1988. Most of the speculative development will be flex space projects. An increase in supply is necessary to meet the need for industrial space required by new businesses relocating to the Charleston area.

DEMOGRAPHICS

POPULATION: 505,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.00%
UNEMPLOYMENT RATE: 3.5%
MEDIAN HOUSEHOLD INCOME: $24,631
RANK BY INCOME: 193
COST OF LIVING INDEX: 96.4
RANK BY COST OF LIVING: 57

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$1.50	$1.50	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.25-$1.50	$1.00-$1.50	$0.75-$1.25	$0.75-$1.25	$0.40-$0.50	$0.25-$0.50	$0.25-$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$24.00	$20.00	$3.25	$2.75-$5300	$22.00	Balanced Market
5,000 to 19,999	$22.00	$20.00	$3.00	$2.75	$20.00	Moderate Shortage
20,000 to 39,999	$22.00	$16.00-$20.00	n/a	$2.25	$18.00-$20.00	Moderate Shortage
40,000 to 59,999	n/a	$16.00-$20.00	n/a	$2.00-$2.25	$18.00-$20.00	Balanced Market
60,000 to 99,999	n/a	$16.00-$20.00	n/a	$1.80-$2.25	$16.00-$20.00	Balanced Market
MORE THAN 100,000	n/a	$16.00-$20.00	n/a	$1.80-$2.25	$16.00-$20.00	Balanced Market
HIGH TECH/R & D	n/a	$20.00-$30.00	n/a	$3.50-$4.00	$25.00-$35.00	Balanced Market

CHARLOTTE: INDUSTRIAL

Market Area: Charlotte Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,085,300
RANK BY POPULATION: 43
POPULATION GROWTH RATE: 1.10%
UNEMPLOYMENT RATE: 2.9%
MEDIAN HOUSEHOLD INCOME: $27,481
RANK BY INCOME: 102
COST OF LIVING INDEX: 100
RANK BY COST OF LIVING: 44

MARKET DATA

TOTAL INVENTORY
Central City: 14,450,000 sq.ft.
Suburban: 73,500,000 sq.ft.

VACANT INVENTORY
Central City: 550,000 sq.ft.(3.8%)
Suburban: 6,000,000 sq.ft.(8.2%)

NET ABSORPTION
Central City: 850,000 sq.ft.
Suburban: 2,300,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 450,000 sq.ft.
Suburban: 700,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

Charlotte's economy continued its march toward diversification in 1988, although the textile industry remained a mainstay of employment. The pace of economic growth slowed somewhat, however, as evidenced by the decline in industrial space absorption from 12 million square feet in 1987 to 3.15 million square feet last year. Despite the decline in absorption, cautious construction allowed the suburban vacancy rate to fall to 8.2 percent. In the central city the vacancy rate was 3.8 percent. Properties less than 40,000 square feet and high tech space were oversupplied while more space in facilities 40,000 to 100,000 square feet was needed.

As in most parts of the country, absorption was centered in distribution uses, accounting for 65 percent of the total. High tech space used 20 percent of the space, while manufacturing applications used 15 percent of the space absorbed.

1989 FORECAST

Modest growth in absorption and construction of all types of industrial real estate markets is expected this year by SIOR respondents.

Investment by foreign interests and purchases by pension funds will keep sales prices of manufacturing and warehouse facilities strong, increasing six to 10 percent. High tech sales prices and lease prices for all types of properties are expected to increase modestly this year.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	15%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.75	$1.50	$1.35	$0.75	$0.50	$0.40
SUBURBAN	$2.00	$1.75	$1.60	$1.40	$0.50	$0.40	$0.30

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$40.00	$40.00	$4.25	$4.25	$40.00	Substantial Oversupply
5,000 to 19,999	$25.00	$35.00	$3.50	$3.75	$35.00	Moderate Oversupply
20,000 to 39,999	$22.50	$22.50	$3.25	$3.50	$23.00	Moderate Oversupply
40,000 to 59,999	$20.00	$22.50	$3.00	$3.25	$20.00	Moderate Shortage
60,000 to 99,999	$19.00	$20.00	$3.00	$3.00	$20.00	Moderate Shortage
MORE THAN 100,000	$17.00	$17.50	$2.75	$3.00	$17.50	Substantial Shortage
HIGH TECH/R & D	$45.00	$47.50	$8.50	$9.50	$45.00	Substantial Oversupply

CHICAGO: INDUSTRIAL

Market Area: Chicago Metropolitan Area

1988 REVIEW

The local and regional economy was boosted by the low dollar value abroad combined with the surge in exports. Leasing and sales activity throughout the entire metropolitan area was viable and strong. Net absorption amounted to approximately seven million square feet in the greater Chicago metro area. Investors purchased large buildings in the close-in suburbs and central city for re-development, creating lower priced distribution space.

1989 FORECAST

National developers are actively building industrial product to meet the demand in the area, resulting in a record year for speculative industrial development. Net absorption should remain similar to 1988. Higher quality business and industrial parks are being developed. Local municipalities and the Chicago government are implementing impact and building fees to help pay for the infrastructure needed to support the additional growth in the metro area.

DEMOGRAPHICS

POPULATION: 6,215,200
RANK BY POPULATION: 3
POPULATION GROWTH RATE: 0.29%
UNEMPLOYMENT RATE: 5.5%
MEDIAN HOUSEHOLD INCOME: $29,525
RANK BY INCOME: 43
COST OF LIVING INDEX: 118.2
RANK BY COST OF LIVING: 11

MARKET DATA

TOTAL INVENTORY
Central City: 200,000,000 sq.ft.
Suburban: 500,000,000 sq.ft.

VACANT INVENTORY
Central City: 12,000,000 sq.ft.(6.0%)
Suburban: 38,000,000 sq.ft.(7.6%)

NET ABSORPTION
Central City: 500,000 sq.ft.
Suburban: 6,500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 250,000 sq.ft.
Suburban: 7,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 5-10%
High Tech/R & D: Up 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Up 115%	Up 115%	Down 25%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 11-15%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.50-$5.00	$1.50-$5.00	$1.25-$4.50	$1.00-$3.50	n/a	n/a	n/a
SUBURBAN	$2.00-$5.00	$2.00-$4.50	$1.75-$3.75	$1.50-$3.75	$1.65	$1.50	$1.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00	$50.00	$4.50	$5.75	$38.00	Moderate Shortage
5,000 to 19,999	$30.00	$45.00	$4.00	$4.25	$35.00	Substantial Shortage
20,000 to 39,999	$24.00	$37.00	$2.50	$3.75	$30.00	Moderate Shortage
40,000 to 59,999	$22.00	$35.00	$2.50	$3.50	$28.00	Balanced Market
60,000 to 99,999	$18.00	$32.00	$2.50	$3.50	$25.00	Balanced Market
MORE THAN 100,000	$15.00	$29.00	$2.25	$3.25	$25.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	$6.50	$9.00	n/a	Moderate Oversupply

CINCINNATI: INDUSTRIAL

Market Area: Cincinnati Metropolitan Area and Northern Kentucky

DEMOGRAPHICS

POPULATION: 1,442,400
RANK BY POPULATION: 29
POPULATION GROWTH RATE: 0.71%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $27,568
RANK BY INCOME: 94
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 80,000,000 sq.ft.
Suburban: 184,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,984,000 sq.ft.(3.7%)
Suburban: 2,881,000 sq.ft.(1.6%)

NET ABSORPTION
Central City: 1,230,000 sq. ft.
Suburban: 2,935,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 20.000 sq.ft.
Suburban: 1,114,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Cincinnati's industrial base continued to be diversified to an extent that was not as susceptible to cyclical adjustments in the automobile industry as several other midwestern cities. The vacancy rate for industrial space was very low, only 1.6 percent in the suburbs and 3.7 percent in the city. A substantial shortage was reported for buildings with 60,000 to 100,000 square feet. Approximately four million square feet of space was absorbed during 1988. Suburban properties with good access were the most desired. The industrial market during 1988 reflected the overall vitality of the area's economy.

1989 FORECAST

The local economy is expected to continue to do well. Construction of warehouse/distribution space will increase six to 10 percent in 1989. Sales prices will increase by one to five percent, and lease prices will remain the same.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 11-15%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$2.00	$2.00	n/a	n/a	n/a	n/a
SUBURBAN	$1.00-$2.00	$1.00-$2.00	$1.00-$2.00	$0.60-$0.75	$0.60-$0.75	$0.25-$0.50	$0.10-$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00	$35.00	$5.00	$5.00	$40.00	Moderate Oversupply
5,000 to 19,999	$24.00	$24.00	$3.50	$3.75	$35.00	Moderate Shortage
20,000 to 39,999	$22.00	$22.00	$3.50	$3.50	$27.00	Moderate Shortage
40,000 to 59,999	$20.00	$20.00	$3.25	$3.25	$24.00	Moderate Shortage
60,000 to 99,999	$18.00	$18.00	$2.50	$2.75	$19.00	Substantial Shortage
MORE THAN 100,000	$17.00	$17.00	$4.00	$2.50	$17.00	Moderate Shortage
HIGH TECH/R & D	$45.00	$45.00	$6.00a	$7.50	$50.00	Moderate Oversupply

CLEVELAND: INDUSTRIAL

Market Area: Cleveland and seven surrounding counties

DEMOGRAPHICS

POPULATION: 1,845,700
RANK BY POPULATION: 23
POPULATION GROWTH RATE: 0.36%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $27,972
RANK BY INCOME: 79
COST OF LIVING INDEX: 103.7
RANK BY COST OF LIVING: 31

MARKET DATA

TOTAL INVENTORY
Central City: 120,000,000 sq.ft.
Suburban: 175,000,000 sq.ft.

VACANT INVENTORY
Central City: 26,000,000 sq.ft.(21.7%)
Suburban: 10,000,000 sq.ft.(5.7%)

NET ABSORPTION
Central City: 50,000 sq.ft.
Suburban: 1,350,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 150,000 sq.ft.
Suburban: 1,050,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

Cleveland grew out of the term Rust Belt as business continued very strong in 1988. Major industrial real estate developers entered the Cleveland market cautiously, so the market was short of inventory in most segments. However, significant levels of vacant inventory remained in the central city, which recorded a 21.7 percent vacancy. Market strength was clearly concentrated in the suburban markets.

During the year 1.4 million square feet of industrial space was absorbed, with 68 percent in warehouse and distribution uses. Manufacturing applications took 20 percent of the space and high tech used 12 percent.

1989 FORECAST

SIOR respondents are optimistic about 1989, expecting a six to 10 percent increase in absorption of all industrial property types with only high tech space construction increasing less rapidly. A new distribution park with good freeway access will especially invigorate the market.

Strong demand, limited supply, and balanced construction will result in more expensive industrial real estate this year. Both sales and lease prices for manufacturing and distribution facilities are expected to increase six to 10 percent in 1989, while prices for high tech space, reflecting a somewhat larger inventory, will increase only one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	68%	20%	12%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 6-10%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$1-50-$3.50	$1.00-$3.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.00-$2.50	$1.00-$2.50	$0.90-$1.50	$0.75-$1.25	$0.40	$0.27	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$32.00	$36.00	n/a	n/a	$37.00	Substantial Shortage
5,000 to 19,999	$27.00	$33.00	n/a	n/a	$32.00	Substantial Shortage
20,000 to 39,999	$25.00	$27.00	n/a	n/a	$30.00	Substantial Shortage
40,000 to 59,999	$21.00	$23.00	n/a	n/a	$26.00	Moderate Shortage
60,000 to 99,999	$18.00	$20.00	n/a	n/a	$23.00	Moderate Shortage
MORE THAN 100,000	$13.00	$18.00	n/a	n/a	$20.00	Moderate Shortage
HIGH TECH/R & D	n/a	$60.00	n/a	n/a	$55.00	Balanced Market

COLUMBIA, SC: INDUSTRIAL

Market Area: Columbia, West Columbia, Cayce, Richland, and Lexington Counties

DEMOGRAPHICS

POPULATION: 449,400
RANK BY POPULATION: 85
POPULATION GROWTH RATE: 0.14%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $24,549 (1986)
RANK BY INCOME: 113
COST OF LIVING INDEX: 98
RANK BY COST OF LIVING: 51

MARKET DATA

TOTAL INVENTORY
Central City: 4,538,000 sq.ft.
Suburban: 19,593,000 sq.ft.

VACANT INVENTORY
Central City: 165,000 sq.ft.(3.6%)
Suburban: 1,151,000 sq.ft.(5.9%)

NET ABSORPTION
Central City: 98,809 sq.ft.
Suburban: 494,263 sq.ft.

CURRENT CONSTRUCTION
Central City: 90,759 sq.ft.
Suburban: 384,180 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Owner Financing,Commercial Banks

1988 REVIEW

The economy in Columbia remained strong during 1988. Growth in the state government, transportation, and both new and existing industry spurred the economy. The industrial market was strong, with over 500,000 square feet of space absorbed. Vacancy rates remained low, and shortages of space greater than 5,000 square feet were evident.

Demand for warehousing and distribution and manufacturing space was most common and accounted for over 85 percent of all net absorption during the year. Build-to-suit prospects increased, as more and more businesses desired buildings specifically designed to meet their needs.

1989 FORECAST

Speculative new construction will be modest, and includes a 73,000 square foot building in the northeast part of town and a 40,000 square foot facility adjacent to the airport, on the south side. More firms are relocating to areas convenient to the interstates, as dependence on rail becomes less important.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	45%	15%
RATE OF NEW CONSTRUCTION**	Same	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Same	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.75	$0.70	$0.45	n/a	n/a	n/a
SUBURBAN	$1.00-$2.00	$0.85-$1.50	$0.75-$1.00	$0.50-$0.75	$0.30	$0.18	$0.10

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$23.00	$3.00	$3.50	$25.00	Balanced Market
5,000 to 19,999	$20.00	$22.00	$2.75	$3.00	$22.50	Moderate Shortage
20,000 to 39,999	$18.00	$21.00	$2.50	$2.75	$20.00	Moderate Shortage
40,000 to 59,999	$17.00	$20.00	$2.25	$2.50	$19.00	Moderate Shortage
60,000 to 99,999	$17.00	$20.00	$2.25	$2.40	$18.50	Moderate Shortage
MORE THAN 100,000	$16.00	$19.00	$2.00	$2.25	$18.00	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$50.00	Balanced Market

COLUMBUS: INDUSTRIAL

Market Area: Columbus Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,326,600
RANK BY POPULATION: 35
POPULATION GROWTH RATE: 0.84%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $27,496
RANK BY INCOME: 100
COST OF LIVING INDEX: 102
RANK BY COST OF LIVING: 37

MARKET DATA

TOTAL INVENTORY
Central City: 19,500,000 sq.ft.
Suburban: 89,100,000 sq.ft.

VACANT INVENTORY
Central City: 350,000 sq.ft.(1.8%)
Suburban: 5,473,000 sq.ft.(6.1%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 1,476,976 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 1,500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Various Sources

1988 REVIEW

The diversified Columbus economy continued strong in 1988, with both manufacturing and distribution scoring major advances. In the industrial real estate market, the second half of the year was somewhat slower than the first.

The market for industrial properties with less than 40,000 square feet was balanced, while larger properties were characterized as being moderately to substantially oversupplied. Absorption was concentrated in the suburban areas, with virtually the entirety of the space for warehousing/distribution.

Across property type new construction was down, while the dollar volume of industrial property sales were even more sharply reduced.

1989 FORECAST

SIOR respondents expect a market little changed in 1989, with a modest decline in manufacturing absorption, stagnant high tech space demands, and modestly higher manufacturing absorption. With generally lower levels of construction, both sales and lease prices are expected to be stable this year, although sales price of distribution facilities may record some increases.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	95%	1%	4%
RATE OF NEW CONSTRUCTION**	Down 11-15%	Down 1-5%	Down 11-15%
DOLLAR VOLUME – SALES**	Down 25%	Down 25%	Down 25%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.75-$2.00	$0.75-$1.50	$0.35-$1.30	$0.30-$0.85	$0.23	$0.17	$0.11

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$32.00	$28.00-$40.00	n/a	$3.75-$5.00	$28.00-$45.00	Balanced Market
5,000 to 19,999	$22.00-$30.00	$25.00-$35.00	n/a	$2.50-$4.00	$22.00-$35.00	Balanced Market
20,000 to 39,999	$13.00-$16.00	$20.00-$28.00	n/a	$2.30-$4.35	$18.00-$28.00	Balanced Market
40,000 to 59,999	$12.00-$14.00	$18.00-$25.00	n/a	$2.25-$3.75	$18.00-$28.00	Moderate Oversupply
60,000 to 99,999	$12.00-$14.00	$14.00-$25.00	n/a	$2.25-$3.30	$16.00-$24.00	Moderate Oversupply
MORE THAN 100,000	$12.00-$14.00	$12.00-$22.00	n/a	$2.00-$3.00	$12.00-$18.00	Substantial Oversupply
HIGH TECH/R & D	$30.00-$40.00	$30.00-$50.00	n/a	$5.00-$8.50	$35.00-$40.00	Substantial Oversupply

DALLAS: INDUSTRIAL

Market Area: Suburban Dallas, Addison, Arlington, Carrollton, Duncanville, Farmers Branch, Grand Prairie, Irving, Plano, Richardson

1988 REVIEW

Despite persistent unemployment in the Dallas metropolitan area, the industrial real estate market in suburban Dallas was relatively stable in 1988. Vacancy rates stood at 11 percent, a level perceived to be balanced in most market segments, except buildings with 5,000 to 20,000 square feet and high-tech space which are moderately oversupplied. Buildings larger than 100,000 square feet were in short supply.

Of the 200,000 square feet of industrial space absorbed last year, 75 percent was warehouse/distribution, 15 percent was manufacturing and 10 percent was high tech.

1989 FORECAST

SIOR respondents predict that roughly 2,000,000 square feet of space will be built this year, with absorption at 1988 levels in manufacturing and high tech, but up moderately in warehousing.

Continuation of the balanced market is expected, with sales prices unchanged from a year ago, but the oversupply of high tech space may result in a slight decline in lease rates for that type of property.

DEMOGRAPHICS

POPULATION: 2,450,900
RANK BY POPULATION: 12
POPULATION GROWTH RATE: -0.11%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $31,662
RANK BY INCOME: 27
COST OF LIVING INDEX: 104.4
RANK BY COST OF LIVING: 26

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 225,075,935 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 24,758,353 sq.ft.(11.0%)

NET ABSORPTION
Central City: n/a
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: Down 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	15%	10%
RATE OF NEW CONSTRUCTION**	Same	Down 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Down 1-5%	Same	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$3.50	$3.35	$3.00	$2.75	$2.50	$2.00	$1.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$40.00	n/a	$3.75	$24.00	Balanced Market
5,000 to 19,999	n/a	$35.00	n/a	$3.45	$21.50	Moderate Oversupply
20,000 to 39,999	n/a	$32.00	n/a	$3.20	$16.00	Balanced Market
40,000 to 59,999	n/a	$30.00	n/a	$3.00	$13.00	Balanced Market
60,000 to 99,999	n/a	$28.00	n/a	$2.85	$13.00	Balanced Market
MORE THAN 100,000	n/a	$27.00	n/a	$2.75	$12.50	Moderate Shortage
HIGH TECH/R & D	n/a	$45.00	n/a	$5.50	$38.00	Moderate Oversupply

DAYTON/SPRINGFIELD: INDUSTRIAL

Market Area: Dayton/Springfield Metropolitan Area

1988 REVIEW

The Dayton/Springfield economy remained relatively stable during 1988. Major industrial corporations such as General Motors, Navistar International, and over 20 Japanese automotive related industries continued to expand, creating demand for additional industrial space greater than 60,000 square feet. Even so, the local area began to diversify from an industrial based economy to more of a service-oriented economy.

Industrial leasing demand was limited to mostly larger warehouse/distribution users and high tech (flex-tech) tenants. Sales of industrial buildings remained active, however, there was very little product available in the 60,000 to 100,000 square foot range.

1989 FORECAST

New development is occurring in three areas of the metro region, the southern suburbs, the Interstate-75 corridor north to Troy, and the Interstate-70 corridor east to Springfield. Local business expansions will continue to make up a significant portion of the industrial real estate activity during 1989.

DEMOGRAPHICS

POPULATION: 942,500
RANK BY POPULATION: 54
POPULATION GROWTH RATE: 0.22%
UNEMPLOYMENT RATE: 4.7%
MEDIAN HOUSEHOLD INCOME: $27,229
RANK BY INCOME: 111
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 8,500,000 sq.ft.
Suburban: 36,000,000 sq.ft.

VACANT INVENTORY
Central City: 670,000 sq.ft.(7.9)
Suburban: 5,000,000 sq.ft.(13.9%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 250,00 sq.ft.
Suburban: 1,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos.,Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	30%	30%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.75-$1.00	$1.00-$2.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.75-$2.00	$0.75-$1.50	$0.50-$1.50	$0.30-$0.75	$0.25	$0.20	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$30.00-$35.00	$30.00-$35.00	$4.50	$5.50	$40.00	Moderate Shortage
5,000 to 19,999	$23.00-$25.00	$23.00-$25.00	$3.50	$3.50	$35.00	Moderate Shortage
20,000 to 39,999	$20.00-$25.00	$20.00-$25.00	$2.75	$2.75	$20.00-$32.00	Balanced Market
40,000 to 59,999	$18.00-$23.00	$18.00-$23.00	$2.25	$2.75	$20.00-$25.00	Moderate Oversupply
60,000 to 99,999	$15.00-$17.00	$15.00-$17.00	$2.00	$2.50	$16.00-$22.00	Moderate Shortage
MORE THAN 100,000	$12.00-$16.00	$12.00-$16.00	n/a	$2.50	$15.00	Moderate Shortage
HIGH TECH/R & D	n/a	$35.00-$40.00	n/a	n/a	$35.00-$40.00	Balanced Market

DENVER: INDUSTRIAL

Market Area: Metropolitan Denver, Aurora, Commerce City, Englewood, Golden, Lakewood, Littleton, Northglenn, and Westminster

1988 REVIEW

The Denver economy was still very weak during 1988, despite the relatively low unemployment rate of 5.6 percent. The market not only had an oversupply of industrial properties, but office, retail, and residential properties as well. Demand for industrial space was very low during the first three quarters, causing negative absorption for that period. The leasing activity picked up significantly after Labor Day. The entire real estate market was characterized by lease prices and values of 1980.

1989 FORECAST

Industrial prices are expected to remain quite low throughout 1989, until the supply of available space begins to decrease. Only one new speculative warehouse is even being considered, a 120,000 square foot facility by Trammell Crow Company.

DEMOGRAPHICS

POPULATION: 1,646,100
RANK BY POPULATION: 26
POPULATION GROWTH RATE: 0.92%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $32,649
RANK BY INCOME: 19
COST OF LIVING INDEX: 102.3
RANK BY COST OF LIVING: 34

MARKET DATA

TOTAL INVENTORY
Central City: 145,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 17,500,000 sq.ft.(12.1%)
Suburban: n/a

NET ABSORPTION
Central City: 900,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 350,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 11-15%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 11-15%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	42%	28%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 6-10%	Up 20%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$3.00	$2.50	$2.25	$1.75	$1.25	$0.50-$0.75	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$32.00	$34.00	$4.50	$6.50	$26.00	Moderate Oversupply
5,000 to 19,999	$26.00	$28.00	$2.75	$2.95	$25.00	Moderate Oversupply
20,000 to 39,999	$23.00	$24.00	$2.25	$2.75	$24.00	Moderate Oversupply
40,000 to 59,999	$23.00	$24.00	$2.25	$2.75	$22.00	Moderate Oversupply
60,000 to 99,999	$22.00	$24.00	$2.25	$2.75	$22.00	Moderate Oversupply
MORE THAN 100,000	$20.00	$24.00	$2.25	$2.75	$18.00	Moderate Oversupply
HIGH TECH/R & D	$40.00	$45.00	$5.75	$6.50	$30.00	Substantial Oversupply

DES MOINES: INDUSTRIAL

Market Area: Des Moines, Altoona, Ankeny, Clive, Grimes, Johnston, Urbandale, Waukee, and West Des Moines,

DEMOGRAPHICS

POPULATION: 385,800
RANK BY POPULATION: 89
POPULATION GROWTH RATE: 0.92%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $27,807
RANK BY INCOME: 88
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 13,750,000 sq.ft.
Suburban: 12,500,000 sq.ft.

VACANT INVENTORY
Central City: 2,300,000 sq.ft. (16.7%)
Suburban: 1,000,000 sq.ft. (8.8%)

NET ABSORPTION
Central City: 450,000 sq.ft.
Suburban: 600,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 250,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

The best way to describe the economy and the industrial real estate market in Des Moines last year was balanced. Growth continued and resulted in the lowest unemployment rate in 10 years. However, the central business district continued to suffer, losing more jobs during the year. Industrial vacancy rates downtown were 16.7 percent, while the suburban areas recorded an 8.8 percent rate.

Over one million square feet of industrial space was absorbed during the year, mostly by the expansion of existing businesses. Half of the absorbed space was high tech, 45 percent was warehouse or distribution, and only five percent was for manufacturing use.

1989 FORECAST

With most segments of the markets in balance, while smaller facilities are in short supply and mid-size building are oversupplied, the outlook for 1989 is good in the eyes of the SIOR respondents.

Absorption, construction, and dollar volume are expected to remain at 1988 levels. This steady demand will result in prices (both sales and lease) that are virtually unchanged from 1988.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	5%	50%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 11-15%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Up 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$1.35	$1.25	$1.25	$0.80	$0.30	$0.30	n/a
SUBURBAN	$1.20	$1.10	$1.10	$0.70	$0.30	$0.25	$0.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$22.00	$22.00	$3.50	$3.50	$28.00	Substantial Shortage
5,000 to 19,999	$18.00	$18.00	$2.60	$2.60	$26.00	Moderate Shortage
20,000 to 39,999	$17.00	$17.00	$2.25	$2.25	$24.00	Balanced Market
40,000 to 59,999	$15.00	$15.00	$1.75	$1.75	$20.00	Substantial Oversupply
60,000 to 99,999	$14.00	$14.00	n/a	n/a	n/a	Balanced Market
MORE THAN 100,000	n/a	n/a	n/a	n/a	n/a	Balanced Market
HIGH TECH/R & D	n/a	n/a	$6.00	$5.50	$35.00	Balanced Market

DEMOGRAPHICS

POPULATION: 4,390,200
RANK BY POPULATION: 5
POPULATION GROWTH RATE: 0.15%
UNEMPLOYMENT RATE: 6.9%
MEDIAN HOUSEHOLD INCOME: $29,622
RANK BY INCOME: 41
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 170,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City:13,000,000 sq.ft.(7.6%)
Suburban: n/a

NET ABSORPTION
Central City: 1,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

DETROIT: INDUSTRIAL

Market Area: Detroit Metropolitan Area

1988 REVIEW

The industrial real estate market in the Detroit area is really two markets which were moving in different directions in 1988. The market in the central city was stagnant, while the suburban markets were active. SIOR respondents limited their suburban information to that statement.

Manufacturing continued to be the strength of industrial real estate in the Detroit area, accounting for 98 percent of the one million square feet of space absorbed last year. The remaining space was for warehousing and distribution uses.

The market experienced a 7.6 percent vacancy level last year, a statistic which in most parts of the country would characterize a balanced market, but the Detroit market was oversupplied for all sizes of buildings.

1989 FORECAST

SIOR respondents expect that 1989 will continue the relatively stable industrial market, with both absorption and construction remaining at 1988 levels. In this atmosphere of stability it comes as no surprise that prices are also expected to remain level.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	2%	98%	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	n/a
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.50	$1.00	$1.00	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$10.00-$20.00	n/a	$3.00-$5.50	n/a	$32.00	Moderate Oversupply
5,000 to 19,999	$10.00-$20.00	n/a	$3.00-$5.50	n/a	$30.00	Moderate Oversupply
20,000 to 39,999	$4.00-$12.00	n/a	n/a	n/a	$28.00	Moderate Oversupply
40,000 to 59,999	$4.00-$12.00	n/a	n/a	n/a	$30.00	Moderate Oversupply
60,000 to 99,999	$5.00-$12.00	n/a	$1.50-$2.50	n/a	$30.00	Moderate Oversupply
MORE THAN 100,000	$3.00-$10.00	n/a	$1.75-$2.50	n/a	n/a	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

DEMOGRAPHICS

POPULATION: 591,100
RANK BY POPULATION: 80
POPULATION GROWTH RATE: 1.02%
UNEMPLOYMENT RATE: 9.7%
MEDIAN HOUSEHOLD INCOME: $22,179
RANK BY INCOME: 269
COST OF LIVING INDEX: 100.5
RANK BY COST OF LIVING: 39

MARKET DATA

TOTAL INVENTORY
Central City: 23,274,051 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 1,828,263 sq.ft. (7.9%)
Suburban: n/a

NET ABSORPTION
Central City: 3,266,611 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,251,400 sq ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

EL PASO: INDUSTRIAL

Market Area: El Paso Metropolitan Area

1988 REVIEW

El Paso's economy depended on its location as a central distribution center for trade between the United States and Mexico during 1988. This trade spelled a healthy industrial, or at least warehousing, real estate market during the year.

Nearly 3.3 million square feet of space was absorbed, principally in the warehousing and distribution sector.

Many classes of industrial space recorded shortages at year end. The shortage was most severe in fairly small facilities with between 5,000 and 20,000 square feet of space. Very small, very large, and high tech properties were balanced markets.

1989 FORECAST

The industrial real estate market is expected to tighten even more in 1989, with an increase of absorption while construction should remain unchanged. The combination of current inventory and construction is not quite capable of fulfilling the needs of a stable demand, let alone increases.

Despite the tight market for industrial space, the SIOR respondent believes prices will not be materially affected, with the sales prices of properties remaining unchanged regardless of use, while lease prices will increase only modestly.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00	$2.75	$1.75	$1.35	$0.75	$0.50	$0.20
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	n/a	$3.50	n/a	$22.50	Balanced Market
5,000 to 19,999	$25.00	n/a	$3.00	n/a	$21.00	Substantial Shortage
20,000 to 39,999	$25.00	n/a	$2.75	n/a	$18.50	Moderate Shortage
40,000 to 59,999	$23.00	n/a	$2.75	n/a	$17.00	Moderate Shortage
60,000 to 99,999	$20.00	n/a	$2.65	n/a	$17.00	Moderate Shortage
MORE THAN 100,000	$20.00	n/a	$2.50	n/a	$15.00	Balanced Market
HIGH TECH/R & D	$32.00	n/a	n/a	n/a	$32.00	Balanced Market

EVANSVILLE: INDUSTRIAL

Market Area: Evansville, Vanderburgh County

DEMOGRAPHICS

POPULATION: 318,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.40%
UNEMPLOYMENT RATE: 5.9%
MEDIAN HOUSEHOLD INCOME: $25,456
RANK BY INCOME: 171
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: 396,000 sq.ft.
Suburban: 225,000 sq.ft.

NET ABSORPTION
Central City: n/a
Suburban: n/a.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The manufacturing sector is important to the Evansville economy, plastics manufacturing in particular. As of the end of 1988, there were more than 130 plastics companies in the area which provided a combined annual payroll of over $381 million.

During 1988, both warehousing/distribution and manufacturing created demand for both sales and lease of industrial properties. Specifically, 56 percent of industrial absorption came from the manufacturing sector and 44 percent came from warehouse/distribution. All industrial properties experienced moderate to substantial shortages.

1989 FORECAST

Plastics manufacturers in the Evansville area are making rapid progress in designing a training program for their employees, in 1989. An area survey indicated strong interest in an Applied Technology Center. A committee formed specifically to work on the project is already designing courses geared to the needs of the industry. A highly trained and skilled work force in this narrow field is expected to provide an incentive for additional production capacity which in turn will convert into need for additional space.

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	44%	56%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.00-$2.00	$0.50-$1.50	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.80-$2.00	$0.50-$1.50	$0.50-$1.00	$0.50-$1.00	$0.15-$0.35	$0.12-$0.35	$0.12-$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$12.00-$22.00	$16.00-$23.00	$2.75-$5.00	$2.75-$5.00	$19.00	Moderate Shortage
5,000 to 19,999	$12.00-$22.00	$14.00-$24.00	$3.25-$5.00	$3.25-$5.00	$17.00	Moderate Shortage
20,000 to 39,999	$14.00-$18.00	$14.00-$24.00	$3.25-$5.00	$3.25-$5.00	$15.00	Moderate Shortage
40,000 to 59,999	$14.00-$16.00	$12.00-$22.00	$2.50-$4.00	$2.50-$4.00	$14.00	Substantial Shortage
60,000 to 99,999	$14.00-$16.00	$10.00-$18.00	$2.50-$2.75	$2.50-$2.75	$14.00	Substantial Shortage
MORE THAN 100,000	$10.00-$15.00	$10.00-$17.00	n/a	n/a	$13.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	$6.00-$7.50	$6.00-$7.50	n/a	Moderate Shortage

FORT LAUDERDALE: INDUSTRIAL

Market Area: Fort Lauderdale, Coral Springs, Deerfield Beach, Hallandale, Hollywood, Plantation, Pompano Beach, Sunrise, and unincorporated Broward County

1988 REVIEW

1988 was a year of adjustment. Demand increased slightly during the last six months. This caused vacancy rates to decline somewhat. Speculative new construction was minimal. An oversupply of space greater than 20,000 square feet was evident, and the market remained overbuilt. Industrial property sales continued. User properties and investment properties sold moderately during the year.

Warehouse/distribution projects were the most demanded industrial property type. They accounted for approximately 60 percent of the net absorption in the market.

1989 FORECAST

The economic outlook is positive, and unemployment should remain reasonably low. A limited amount of speculative development will probably occur. Relocations and expansions of local firms from Dade and Palm Beach Counties will help decrease the abundance of available space on the market.

DEMOGRAPHICS

POPULATION: 1,166,000
RANK BY POPULATION: 40
POPULATION GROWTH RATE: 1.44%
UNEMPLOYMENT RATE: 4.4%
MEDIAN HOUSEHOLD INCOME: $27,311
RANK BY INCOME: 110
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks, S & L's

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$5.00	$4.00	$3.75	$3.50	$3.75	$2.75	$2.00
SUBURBAN	$4.00	$3.75	$3.50	$3.00	$3.50	$2.50	$1.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$36.00	$34.00	$4.85	$4.65	$26.00	Balanced Market
5,000 to 19,999	$35.00	$34.00	$4.75	$4.65	$25.00	Balanced Market
20,000 to 39,999	$34.00	$32.00	$4.55	$4.45	$22.00	Moderate Oversupply
40,000 to 59,999	$32.00	$30.00	$4.40	$4.30	$20.00	Moderate Oversupply
60,000 to 99,999	$30.00	$29.00	$4.30	$4.20	$18.00	Moderate Oversupply
MORE THAN 100,000	$28.00	$26.00	$4.20	$4.10	$17.00	Moderate Oversupply
HIGH TECH/R & D	$38.00	$40.00	$7.50	$7.50	$42.00	Balanced Market

FORT SMITH: INDUSTRIAL

Market Area: Fort Smith Metropolitan Area, Arkansas Industrial Park, Van Buren

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.1%
MEDIAN HOUSEHOLD INCOME: $21,069
RANK BY INCOME: 296
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: 150,000 sq.ft.
Suburban: 150,000 sq.ft.

NET ABSORPTION
Central City: 150,000 sq.ft.
Suburban: 100,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 56,000 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

An active economy in recent years has resulted in an industrial real estate market in the Fort Smith area with inventory in short supply. The total inventory, including both central city and suburban areas totalled 300,000 square feet in 1988 while 250,000 square feet were absorbed. Accordingly, shortages were reported for all size classes of buildings except those with fewer than 5,000 square feet, which were moderately oversupplied.

Space absorbed last year reflected a diverse economy, with 75 percent in the warehousing/distribution sector and 25 percent in manufacturing.

1989 FORECAST

The SIOR respondent expects the tight industrial market to prevail in the Fort Smith area this year, in part because of a very low level of current construction (only 56,000 square feet). The short supply will be reinforced by a moderate increase in absorption of both manufacturing and distribution properties. Fortunately, construction is also expected to increase in 1989.

Despite the shortages of current and future inventory, prices are expected to increase only modestly, with both sales and lease prices of manufacturing and distribution facilities expected to climb one to five percent this year.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	n/a
DOLLAR VOLUME – SALES**	Same	Same	n/a
DOLLAR VOLUME – LEASES**	Same	Same	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.50	$1.25	$1.00	$0.80	$0.50	$0.40	$0.35
SUBURBAN	$1.50	$1.25	$1.00	$0.80	$0.75	$0.60	$0.40

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$20.00	$22.00	$2.00	$2.50	$22.50	Moderate Oversupply
5,000 to 19,999	$17.50	$20.00	$1.75	$2.25	$20.00	Moderate Shortage
20,000 to 39,999	$15.00	$17.50	$1.75	$2.25	$17.50	Moderate Shortage
40,000 to 59,999	$13.75	$15.00	$1.50	$2.00	$16.50	Moderate Shortage
60,000 to 99,999	$13.75	$15.00	$1.50	$2.00	$16.50	Moderate Shortage
MORE THAN 100,000	$12.50	$15.00	$1.25	$1.75	$16.50	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

FORT WAYNE: INDUSTRIAL

Market Area: Fort Wayne Metropolitan Area

DEMOGRAPHICS

POPULATION: 387,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.20%
UNEMPLOYMENT RATE: 5.7 %
MEDIAN HOUSEHOLD INCOME: $27,484
RANK BY INCOME: 101
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: 3,200,000 sq.ft.

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 140,000 sq. ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Both Commercial Banks & Ins. Cos.

1988 REVIEW

Fort Wayne experienced stable economic conditions in 1988 with a modest upward trend. Construction and leasing activity for all three types of industrial real estate was one to five percent above the year earlier while the dollar volume of properties sold rose between six and ten percent. There was very little new construction or net absorption. Sixty percent of the space absorbed was for warehousing and 30 percent for manufacturing.

1989 FORECAST

The industrial real estate market should show some additional improvement in 1989 but sales and lease rates will basically remain stable.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: n/a
Leases: n/a

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	30%	10%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.75-$1.00	$0.60-$0.75	$0.50-$0.65	$0.40-$0.50	$0.23	$0.20	$0.18

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$17.00-$25.00	n/a	$4.00-$5.00	$30.00-$35.00	Moderate Shortage
5,000 to 19,999	n/a	$15.00-$20.00	n/a	$3.50-$4.25	$22.00-$30.00	Moderate Shortage
20,000 to 39,999	n/a	$15.00-$20.00	n/a	$2.25-$4.00	$18.00-$22.00	Substantial Shortage
40,000 to 59,999	n/a	$15.00-$20.00	n/a	$2.25-$4.00	$16.00-$20.00	Substantial Shortage
60,000 to 99,999	n/a	$13.00-$28.00	n/a	$1.50-$2.25	$15.00–$18.00	Substantial Shortage
MORE THAN 100,000	n/a	$12.00-$14.00	n/a	$1.50-$2.00	$12.00-$15.00	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$35.00-$40.00	Balanced Market

DEMOGRAPHICS

POPULATION: 602,200
RANK BY POPULATION: 76
POPULATION GROWTH RATE: 1.15%
UNEMPLOYMENT RATE: 9.2%
MEDIAN HOUSEHOLD INCOME: $21,679
RANK BY INCOME: 283
COST OF LIVING INDEX: 103.1
RANK BY COST OF LIVING: 32

MARKET DATA

TOTAL INVENTORY
Central City: 28,500,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 2,000,000 sq.ft. (7.0%)
Suburban: n/a

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,500,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

FRESNO: INDUSTRIAL

Market Area: Fresno Metropolitan Area

1988 REVIEW

Since Fresno is located in the center of California, midway between San Francisco and Los Angeles, it is a popular area for assembling, warehousing, or distributing goods to be shipped from, or consumed by central California markets. Seventy percent of the space absorbed in 1988 was used for warehousing and distribution while manufacturing accounted for the other 30 percent. In 1988, the county had over two billion dollars in agriculture product sales. A large number of international companies have located in the area. The relatively less expensive Californian real estate prices also attracted many national and regional firms. Construction activity in 1988 was 300 percent above the 1987 level.

1989 FORECAST

There is now an oversupply of space available, especially facilities containing more than 100,000 square feet. Since a substantial portion of the space built in 1988 was not occupied, there will likely be very little speculative development in 1989 in spite of estimates that absorption will rise 11 to 15 percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	30%	0%
RATE OF NEW CONSTRUCTION**	Up 300%	Same	Same
DOLLAR VOLUME – SALES**	Down 1-5%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Down 6-10%	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$2.00	$1.80	$1.50	$1.25	$1.50	$1.00	$0.50
SUBURBAN	$1.50	$1.25	$1.00	$1.00	$1.00	$0.50	$0.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00	n/a	$4.32	n/a	$30.00	Balanced Market
5,000 to 19,999	$30.00	$20.00	$3.82	$2.40	$25.00	Moderate Oversupply
20,000 to 39,999	$20.00	$18.00	$2.88	$2.40	$20.00	Balanced Market
40,000 to 59,999	$20.00	$17.00	$2.40	$2.20	$18.00	Moderate Oversupply
60,000 to 99,999	$18.00	$15.00	$2.28	$1.92	$15.00	Moderate Oversupply
MORE THAN 100,000	$17.00	$14.00	$2.16	$1.92	$12.00	Substantial Oversupply
HIGH TECH/R & D	$35.00	n/a	$4.20	$3.00	$32.00	Balanced Market

GARY-HAMMOND-EAST CHICAGO: INDUSTRIAL

Market Area: Gary, Hammond, East Chicago, Lake, Porter, and La Porte Counties

1988 REVIEW

The Gary/Hammond/East Chicago economy remained stable through 1988. Moderate growth occurred in the service sector, while the manufacturing sector stabilized.

Demand for "high bay crane" space continued to be strong. The demand was directly related to the reorganization of the steel industry.

1989 FORECAST

The local 1989 economy should continue to see the conversion of large mill type construction facilities from single user or vacant to multi tenant facilities. Little new construction is planned for 1989 as there should continue to be a large supply of available competitive space on the market.

In general, high tech construction and absorption should increase 11 to 15 percent in 1989. Warehousing/distribution and manufacturing construction and absorption are expected to increase one to five percent. Sale and lease prices should maintain 1988 levels, except for manufacturing which should increase one to five percent. Site prices are expected to increase one to five percent.

DEMOGRAPHICS

POPULATION: 601,400
RANK BY POPULATION: 77
POPULATION GROWTH RATE: 0.80%
UNEMPLOYMENT RATE: 6.6%
MEDIAN HOUSEHOLD INCOME: $29,324
RANK BY INCOME: 50
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 12,500,000 sq.ft.
Suburban: 7,500,000 sq.ft.

VACANT INVENTORY
Central City: 4,400,000 sq.ft.(35.2%)
Suburban: 1,875,000 sq.ft.(25%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: Nominal
Suburban: Nominal

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D:Up 11-15%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 11-15%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	70%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$0.50-$0.70	$0.40-$0.60	$0.40-$0.60	$0.35-$0.50	$0.20-$0.25	$0.15-$0.20	$0.15
SUBURBAN	$0.80-$1.10	$0.80-$1.10	$0.80-$1.10	$0.80-$1.10	$0.25-$0.35	$0.20-$0.25	$0.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$20.00-$25.00	$20.00-$30.00	$2.50-$2.75	$3.50-$3.75	$35.00	Moderate Shortage
5,000 to 19,999	$15.00-$20.00	$20.00-$25.00	$2.25-$2.50	$2.75-$3.50	$30.00-$35.00	Balanced Market
20,000 to 39,999	$10.00-$15.00	$15.00-$20.00	$2.00-$2.25	$2.50-$2.75	$30.00-$35.00	Balanced Market
40,000 to 59,999	$8.00-$10.00	$10.00-$20.00	$1.75-$2.00	$2.25-$2.50	$25.00-$30.00	Moderate Oversupply
60,000 to 99,999	$5.00-$10.00	$10.00-$15.00	$1.50-$1.75	$2.00-$2.25	$25.00-$30.00	Moderate Oversupply
MORE THAN 100,000	$4.00-$8.00	$5.00-$10.00	$1.50-$1.75	$1.75-$2.25	$25.00-$30.00	Substantial Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

DEMOGRAPHICS

POPULATION: 663,100
RANK BY POPULATION: 68
POPULATION GROWTH RATE: 0.72%
UNEMPLOYMENT RATE: 6.0%
MEDIAN HOUSEHOLD INCOME: $28,543
RANK BY INCOME: 61
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City and Suburban: 57,000,000 sq.ft.

VACANT INVENTORY
Central City and Suburban: 2,000,000 sq.ft. (3.5%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 1,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 450,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

GRAND RAPIDS: INDUSTRIAL

Market Area: Grand Rapids Metropolitan Area including Kent and Ottawa Counties

1988 REVIEW

This metro area has been one of the few bright spots in the state since the early 1980s with an annual growth rate of between five and 10 percent. It is the economic hub of Western and Central Michigan.

Conservative local lenders have tended to avoid making many loans for speculative development projects. Although there is a general balance between the supply of and demand for industrial space, with a four to six percent vacancy rate for industrial space, there is some shortage of traditional facilities and a slight excess of high tech properties. Of the one million square feet of space absorbed in 1988, about 50 percent was for manufacturing, 45 percent for warehousing and distribution and five percent for high tech uses.

1989 FORECAST

Population growth is expected to continue. Also a large number of large and small non-union companies are already located here and are starting to attract others to the area.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	50%	5%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.00-$1.50	$1.00-$1.25	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.00-$1.45	$1.00-$1.25	$0.75-$1.05	$0.45-$0.70	$0.34-$0.85	$0.15-$0.35	$0.09-$0.14

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$35.00	$25.00-$35.00	$3.50-$5.00	$3.50-$5.00	$25.00-$35.00	Balanced Market
5,000 to 19,999	$20.00-$35.00	$20.00-$35.00	$3.25-$4.75	$3.25-$4.75	$23.00-$28.00	Moderate Shortage
20,000 to 39,999	$19.00-$25.00	$19.00-$25.00	$2.50-$3.75	$2.50-$3.75	$19.00-$25.00	Moderate Shortage
40,000 to 59,999	$17.00-$25.00	$17.00-$25.00	$2.50-$3.50	$2.50-$3.50	$19.00-$25.00	Moderate Shortage
60,000 to 99,999	$17.00-$23.00	$17.00-$23.00	$2.25-$3.25	$2.25-$3.25	$17.00-$20.00	Moderate Shortage
MORE THAN 100,000	$15.00-$23.00	$15.00-$23.00	$2.10-$2.25	$2.10-$2.25	$16.00-$20.00	Moderate Shortage
HIGH TECH/R & D	$25.00-$50.00	$25.00-$50.00	Varies	Varies	$35.00-$50.00	Moderate Oversupply

GREENSBORO: INDUSTRIAL

Market Area: Greensboro, Alamance, Guilford, Randolph Counties

DEMOGRAPHICS

POPULATION: 903,400
RANK BY POPULATION: 56
POPULATION GROWTH RATE: 0.25%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $25,780
RANK BY INCOME: 157
COST OF LIVING INDEX: 97
RANK BY COST OF LIVING: 56

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Pension Funds, Commercial Banks

1988 REVIEW

Manufacturing dominated the Greensboro area with 33 percent of the workers in some type of factory. Infact the area was one of the most manufacturing-oriented communities in the nation. The industrial base was formed by three traditional types: textiles, furniture, and tobacco. Despite foreign competition in textiles, changing consumer demands for tobacco and tobacco products, and cyclical swings in the furniture industry Greensboro was able to continue on a positive note. Low costs continued to enable these plants to compete.

Demand for manufacturing space was balanced as to supply and demand.

1989 FORECAST

Modest growth of distribution and the service industries is anticipated. This growth will create moderate demand for warehouse and distribution space. As speculative building experiences an upward trend, several established developers are anxious to satisfy the market. Ample opportunities exist for well-planned projects serving this growing facet of the industrial complex within the Greensboro metropolitan area.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Same	Down 6-10%
DOLLAR VOLUME – SALES**	Same	Down 1-5%	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Down 1-5%	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.25	$1.15	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.40	$1.25	$1.10	$1.00	$0.90	$0.70	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$25.00	n/a	$4.00	$24.00	Balanced Market
5,000 to 19,999	n/a	$22.00	n/a	$3.50	$22.00	Balanced Market
20,000 to 39,999	n/a	$20.00	n/a	$3.00	$20.00	Moderate Oversupply
40,000 to 59,999	n/a	$19.00	n/a	$2.75	$19.00	Balanced Market
60,000 to 99,999	n/a	$17.00	n/a	$2.50	$18.50	Moderate Shortage
MORE THAN 100,000	n/a	$15.00	n/a	$2.25	$17.00	n/a
HIGH TECH/R & D	n/a	$40.00	n/a	$5.00	$35.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 618,200
RANK BY POPULATION: 74
POPULATION GROWTH RATE: 0.1%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $25,223
RANK BY INCOME: 178
COST OF LIVING INDEX: 94.9
RANK BY COST OF LIVING: 62

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 20,500,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,600,000 sq.ft.(7.8%)

NET ABSORPTION
Central City: n/a
Suburban: 1,470,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 1,913,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

GREENVILLE: INDUSTRIAL

Market Area: Greenville and Greenville County

1988 REVIEW

Economic growth continued to be strong in the Greenville area in 1988, led by new industries and firms moving to the area. Internal growth began to have a significant impact on the industrial real estate market during the year as well.

While industrial vacancies were an average 7.8 percent during the year, on a total vacant inventory of 1.6 million square feet, the 1.47 million feet absorbed made for an active market.

Absorbed space was concentrated in the distribution sector, requiring 80 percent of the space. Manufacturing followed with a 15 percent share, while the high tech market only contributed five percent of the space.

1989 FORECAST

Most market segments were balanced at year-end, with the remainder, primarily very large or very small properties, in short supply. SIOR respondents expect the market to remain strong during 1989, with the warehouse/distribution sector leading the way. Both absorption and construction are expected to be higher this year than last across the board.

Strong performances like this often spell an inflationary environment, but only the distribution market is expected to encounter price increases this year, and then a modest one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing:Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.85-$1.45	$0.80-$1.30	$0.80-$1.20	$0.65-$1.20	$0.50-$0.55	$0.45	$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$27.00	n/a	$4.00	$23.00-$27.00	Moderate Shortage
5,000 to 19,999	n/a	$26.00	n/a	$3.10-$3.80	$21.00	Moderate Shortage
20,000 to 39,999	n/a	$20.00	n/a	$2.80-$3.30	$19.00	Balanced Market
40,000 to 59,999	n/a	$20.00	n/a	$2.80-$3.30	$18.50	Balanced Market
60,000 to 99,999	n/a	$19.00	n/a	$2.80-$3.25	$17.00	Balanced Market
MORE THAN 100,000	n/a	$18.00	n/a	$2.60-$2.80	$17.00	Moderate Shortage
HIGH TECH/R & D	n/a	$31.00	n/a	$4.80-$7.00	$36.00	Balanced Market

HARTFORD: INDUSTRIAL

Market Area: Hartford, Bloomfield, East Granby, East Hartford, East Windsor, Enfield, Farmington, Glastonbury, Manchester, New Britain, Newington, Rocky Hill, Simsbury, South Windsor, Suffield, Wethersfield, Windsor, and Windsor Locks

DEMOGRAPHICS

POPULATION: 1,100,500
RANK BY POPULATION: 42
POPULATION GROWTH RATE: 1.28%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $34,034
RANK BY INCOME: 10
COST OF LIVING INDEX: 119.2
RANK BY COST OF LIVING: 8

MARKET DATA

TOTAL INVENTORY
Central City: 3,574,434 sq.ft.
Suburban: 44,612,130 sq.ft.

VACANT INVENTORY
Central City: 167,395 sq.ft.(4.7%)
Suburban: 2,856,488 sq.ft.(6.4%)

NET ABSORPTION
Central City: 135,240 sq.ft.
Suburban: 1,377,094 sq.ft.

CURRENT CONSTRUCTION
Central City: 108,000 sq.ft.
Suburban: 1,104,887 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The increase in net exports caused this area to prosper during 1988. The healthy industrial climate increased demand for space in the area. New "start-up" companies absorbed part of the growing industrial "incubator" space supply. An enormous increase in speculative development occurred during the last six months of the year. Over 500,000 square feet of new space was added to the market during this time, and 68 percent was leased by the end of the year.

1989 FORECAST

Greater Hartford developers are reacting to the changing industrial demand with innovations in building uses. Large spaces are being converted to office use by being subdivided. A larger amount of high tech (flex) space is planned for proposed business parks. Demand for modern warehouse and flex space shows no signs of weakening, according to the SIOR respondent for this area.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	85%	10%	5%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.52	$1.95	$1.60	$1.38	$1.15	$0.91	$0.69

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$60.00	$70.00	$7.00	$6.00	n/a	Moderate Shortage
5,000 to 19,999	$45.00	$55.00	$6.00	$5.50	n/a	Balanced Market
20,000 to 39,999	$40.00	$43.00	$5.00	$4.75	n/a	Moderate Shortage
40,000 to 59,999	$33.00	$39.00	$4.50	$4.50	n/a	Moderate Shortage
60,000 to 99,999	$30.00	$34.00	$4.00	$4.00	n/a	Moderate Shortage
MORE THAN 100,000	$25.00	$30.00	$4.00	$4.00	n/a	Moderate Oversupply
HIGH TECH/R & D	$70.00	$75.00	$12.00	$11.00	n/a	Balanced Market

DEMOGRAPHICS

POPULATION: 3,185,200
RANK BY POPULATION: 8
POPULATION GROWTH RATE: 0.38%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $30,451
RANK BY INCOME: 36
COST OF LIVING INDEX: 100.4
RANK BY COST OF LIVING: 40

MARKET DATA

TOTAL INVENTORY
Central City: 85,000,000 sq.ft.
Suburban: 125,000,000 sq.ft.

VACANT INVENTORY
Central City: 8,560,000 sq.ft.(10.0%)
Suburban: 24,780,000 sq.ft.(19.8%)

NET ABSORPTION
Central City: 5,890,000 sq.ft.
Suburban: 220,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Owner Financing

HOUSTON: INDUSTRIAL

Market Area: Houston and Harris County

1988 REVIEW

The economy of Houston looked better, but not good in 1988. After losing 240,000 jobs between 1982 and 1986, the city had a net gain in 1988. The oil industry was still important but the economy became more diversified with emphasis on bio-tech, aerospace, and chemical industries. There was again positive absorption of space. The low selling prices enticed some tenants to purchase their own space while others renewed and extended leases to take advantage of the low lease rates. During 1988, investment activity in the bulk warehouse market increased enough to causes some rise in prices. Still the overall vacancy rate for industrial properties was above 15 percent.

1989 FORECAST

Conditions will continue to improve gradually, but there will be no quick recovery. The area is expected to gain an additional 35,000 workers in 1989. Rental rates will have to increase around 30 percent for new construction to be economically feasible. However, the build-to-suit projects will increase somewhat in 1989.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	58%	50%	-8%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	n/a	n/a	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Down 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$2.00-$6.00	$2.00-$6.00	$1.50-$5.00	$1.00-$5.00	$2.00-$5.00	n/a	n/a
SUBURBAN	$1.00-$5.00	$1.00-$5.00	$1.00-$4.00	$1.00-$4.00	$0.50-$2.50	$0.30-$2.00	$0.10-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$30.00-$40.00	$15.00-$45.00	$2.00-$4.00	$2.00-$4.00	$29.00-$35.00	Moderate Oversupply
5,000 to 19,999	$25.00-$35.00	$20.00-$30.00	$2.20-$4.00	$2.20-$4.00	$20.00-$30.00	Substantial Oversupply
20,000 to 39,999	$20.00-$30.00	$15.00-$35.00	$2.00-$3.25	$2.00-$3.25	$19.00-$23.00	Substantial Oversupply
40,000 to 59,999	$15.00-$30.00	$15.00-$30.00	$1.50-$3.00	$1.50-$3.00	$17.00-$22.00	Moderate Oversupply
60,000 to 99,999	$10.00-$22.00	$15.00-$25.00	$1.25-$2.50	$1.50-$2.50	$17.00-$21.00	Moderate Oversupply
MORE THAN 100,000	$10.00-$15.00	$12.00-$20.00	$1.00-$2.00	$1.85-$2.00	$14.00-$20.00	Moderate Oversupply
HIGH TECH/R & D	$10.00-$25.00	$15.00-$50.00	$3.50-$7.50	$3.50-$7.50	$25.00-$40.00	Substantial Oversupply

INDIANAPOLIS: INDUSTRIAL

Market Area: Indianapolis and Marion County

1988 REVIEW

The industrial real estate market in Indianapolis is primarily composed of older manufacturing and warehouse space. Demand for rehabilitated and upgraded warehouse space comprised the most significant industrial activity during 1988.

1989 FORECAST

New construction should add approximately 2.3 million square feet of space to the industrial supply during 1989. The trend to rehabilitate existing warehouses should continue. Old industrial parks are being displaced by mixed-use business projects. These mixed-use developments incorporate open space, hotels, office, retail, light industrial and warehouse space into one project.

DEMOGRAPHICS

POPULATION: 1,229,100
RANK BY POPULATION: 39
POPULATION GROWTH RATE: 0.7%
UNEMPLOYMENT RATE: 5.3%
MEDIAN HOUSEHOLD INCOME: $27,854
RANK BY INCOME: 85
COST OF LIVING INDEX: 97.4
RANK BY COST OF LIVING: 54

MARKET DATA

TOTAL INVENTORY
Central City &
Suburban: 8,038,000 sq.ft.

VACANT INVENTORY
Central City & Suburban: n/a

NET ABSORPTION
Central City &
Suburban: 6,483,000 sq.ft.

CURRENT CONSTRUCTION
Central City &
Suburban: 1,057,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks, Pension Funds

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 11-15%	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$20.00-$22.00	$20.00-$22.00	$4.00-$5.50	$4.00-$5.50	$22.00-$25.00	Balanced Market
5,000 to 19,999	$18.00-$20.00	$18.00-$20.00	$4.75-$5.50	$4.75-$5.50	$20.00-$24.00	Moderate Shortage
20,000 to 39,999	$18.00-$20.00	$18.00-$20.00	$3.25-$4.45	$3.25-$4.45	$20.00-$24.00	Moderate Shortage
40,000 to 59,999	$16.00-$18.00	$16.00-$18.00	$3.25-$4.45	$3.25-$4.45	$20.00-$22.00	Moderate Shortage
60,000 to 99,999	$16.00-$18.00	$16.00-$18.00	$2.75-$3.50	$2.75-$3.50	$15.00-$20.00	Substantial Shortage
MORE THAN 100,000	$15.00-$17.00	$15.00-$17.00	$2.75-$3.25	$2.75-$3.25	$12.00-$18.00	Substantial Shortage
HIGH TECH/R & D	$22.00-$24.00	$22.00-$24.00	$6.50-$10.00	$6.50-$10.00	$22.00-$30.00	Moderate Oversupply

JACKSON, MI: INDUSTRIAL

Market Area: Jackson County

1988 REVIEW

Jackson, Michigan is located in the southeastern part of the state on Interstate 94. Since 1980, the population has decline slightly to 145,000. Local economic activity was fairly good in 1988 for industrial real estate with both sale prices and lease rates remaining stable. Leasing of facilities with 5,000 to 20,000 square feet of space was active but availability was limited.

1989 FORECAST

Toyota Motor Co. is planning to build an automotive parts plant just west of Jackson on a 100 acre site. It is anticipated that this facility will employ about 400 people.

DEMOGRAPHICS

POPULATION: 145,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.30%
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $25,636
RANK BY INCOME: 164
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: 260,000 sq.ft.
Suburban: 650,000 sq.ft.

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
n/a

PRIME SOURCE OF FINANCING
Owner Financing, Banks, Industrial Revenue Bonds

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

SITE PRICES
n/a

ABSORPTION
Manufacturing: Up 20%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Up 20%
Warehouse/Distribution: n/a
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	n/a	n/a	n/a
DOLLAR VOLUME – SALES**	n/a	n/a	n/a
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.30-$0.35	$0.30-$0.35	$0.30-$0.35	$0.30	$0.15	$0.10-$0.15	$0.10
SUBURBAN	n/a	n/a	n/a	n/a	n/a	$0.10-$0.15	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$15.00	$15.00	$2.50	$2.50	$25.00	Substantial Shortage
5,000 to 19,999	$15.00	$15.00	$2.00-$2.50	$2.00-$2.50	$25.00	Substantial Shortage
20,000 to 39,999	$12.00	$12.00	$1.85-$2.00	$1.85-$2.00	$22.00	Moderate Shortage
40,000 to 59,999	$10.00-$12.00	$10.00-$12.00	$1.50-$1.85	$1.50-$1.85	$20.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	$1.50-$1.85	$1.50-$1.85	$18.00	Balanced Market
MORE THAN 100,000	$10.00-$15.00	$10.00-$15.00	$1.00-$1.50	$1.00-$1.50	$16.00-$18.00	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

JACKSON, MS: INDUSTRIAL

Market Area: Jackson Metropolitan Area

DEMOGRAPHICS

POPULATION: 396,600
RANK BY POPULATION: 88
POPULATION GROWTH RATE:0.54%
UNEMPLOYMENT RATE: 5.8%
MEDIAN HOUSEHOLD INCOME: $23,222
RANK BY INCOME: 240
COST OF LIVING INDEX :n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 8,100,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 2,050,000 sq.ft.(25.3%)
Suburban: n/a

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks, Revenue Bonds

1988 REVIEW

Jackson is different from most cities in Mississippi, in that manufacturing is a much less prominent component of the local economy. Only 12 percent of all jobs in Jackson are manufacturing.

The industrial market benefitted from an overall healthy economy, as slow but steady growth and absorption occurred during the recent years. Vacancies were relatively high, but no new space was added to the supply during 1988. Moderate oversupplies of space were evident for buildings with over 40,000 square feet of space. Modest shortages of space less than 20,000 square feet occurred throughout the market.

1989 FORECAST

SIOR respondents in Jackson expect absorption to remain similar to 1988. Warehouse/distribution and high tech/R & D space should be the most demanded product type during the year. Lease and sales prices might increase as the amount of quality available space decreases.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	30%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.00-$1.50	$0.75-$1.25	$0.50-$0.75	$0.50-$0.75	$0.23	$0.17	$0.11
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$20.00-$25.00	n/a	$2.50-$3.00	n/a	$22.50	Moderate Shortage
5,000 to 19,999	$15.00-$20.00	n/a	$2.00-$3.00	n/a	$20.00	Moderate Shortage
20,000 to 39,999	$12.00-$16.00	n/a	$2.00-$2.50	n/a	$17.50	Balanced Market
40,000 to 59,999	$10.00-$15.00	n/a	$1.75-$2.25	n/a	$16.00	Moderate Oversupply
60,000 to 99,999	$10.00-$15.00	n/a	$1.75-$2.25	n/a	$16.00	Moderate Oversupply
MORE THAN 100,000	$10.00-$15.00	n/a	$1.50-$2.25	n/a	$16.00	Moderate Oversupply
HIGH TECH/R & D	$30.00-$40.00	n/a	$4.00-$6.00	n/a	$40.00	Balanced Market

JACKSONVILLE: INDUSTRIAL

Market Area: Jacksonville Metropolitan Area

1988 REVIEW

Jacksonville is the largest MSA in northern Florida; it is a major regional retail and transportation hub as well as a growing financial and insurance center. During the past ten years, employment grew at a 3.9 percent annual rate. With less than ten percent of the work force in the manufacturing sector, the demand for industrial real estate was limited. The market tended to be slightly oversupplied and listless. In 1988, the vacancy rate was nine percent and 86 percent of the space absorbed was for warehousing and distribution. Construction, sales and leasing activities were all down in 1988 especially for research and development facilities.

1989 FORECAST

A slow upturn is anticipated in the demand for industrial space, with a growing share of leasing activity going to service firms rather than manufacturing firms. Sales and leasing activity in 1989 are expected to rise between one and five percent. The economic impact of the Kings Bay Navy Base being built in nearby Camden County, Georgia is expected to spill over into Jacksonville.

DEMOGRAPHICS

POPULATION: 877,800
RANK BY POPULATION: 58
POPULATION GROWTH RATE: 2.08%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $24,757
RANK BY INCOME: 189
COST OF LIVING INDEX: 100.1
RANK BY COST OF LIVING: 43

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 17,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,530,000 sq.ft.(9.0%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
n/a

PRIME SOURCE OF FINANCING
n/a

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	86%	12%	2%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Down 1-5%	Down 6-10%
DOLLAR VOLUME – SALES**	Down 6-10%	Down 6-10%	Down 11-15%
DOLLAR VOLUME – LEASES**	Down 1-5%	Down 6-10%	Down 6-10%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.00-$1.50	$0.80-$1.25	$0.80-$1.00	$0.50-$1.60	$0.50-$1.00	$0.35-$1.00	$0.35-$0.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$18.00-$35.00	n/a	$3.00-$7.00	n/a	Moderate Oversupply
5,000 to 19,999	n/a	$18.00-$25.00	n/a	$2.50-$4.75	n/a	Balanced Market
20,000 to 39,999	n/a	$15.00-$20.00	n/a	$2.50-$4.00	n/a	Balanced Market
40,000 to 59,999	n/a	$15.00-$20.00	n/a	$2.50-$3.75	n/a	Balanced Market
60,000 to 99,999	n/a	$15.00-$20.00	n/a	$2.50-$3.25	n/a	Moderate Oversupply
MORE THAN 100,000	n/a	$15.00-$20.00	n/a	$2.25-$3.00	n/a	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

KANSAS CITY, MO: INDUSTRIAL

Market Area: Kansas City, Missouri and Kansas City, Kansas including six surrounding counties

DEMOGRAPHICS

POPULATION: 1,538,700
RANK BY POPULATION: 28
POPULATION GROWTH RATE: 0.16%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $28,332
RANK BY INCOME: 65
COST OF LIVING INDEX: 97.1
RANK BY COST OF LIVING: 55

MARKET DATA

TOTAL INVENTORY
Central City: 90,700,000 sq.ft.
Suburban: 68,200,000 sq.ft.

VACANT INVENTORY
Central City: 5,700,000 sq.ft.(6.3%)
Suburban: 5,500,000 sq.ft.(8.1%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 800,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 800,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

Kansas City is very near to both the geographic and population center of the nation and within 1500 miles of any point in the continental U.S. Trade, transportation, distributions, and communications are major industries for the area. Business was propelled by firms relocating and expanding. There was very little foreign investment. The vacancy rate within the central city was 6.3 percent but 8.1 percent in suburban areas. In 1988, approximately 80 percent of the absorbed space was utilized by warehousing and distribution, research and development took 15 percent, and manufacturing claimed five percent. The market for industrial properties was fairly well balanced but with a slight excess of high tech facilities and buildings containing more than 100,000 square feet. Overall construction and sales activity were down slightly in 1988 in spite of reduced available inventory.

1989 FORECAST

In spite of some increase in absorption in 1989, SIOR respondents expect construction, prices and rental rates, as well as sales and leasing activity to be stable or slightly down.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	5%	15%
RATE OF NEW CONSTRUCTION**	Same	Down 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Same	Down 1-5%	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.75	$2.00	$1.75	$1.50	$1.00	$0.50-$1.00	$0.25-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$35.00-$45.00	$3.75	$5.50-$6.50	$50.00	Moderate Oversupply
5,000 to 19,999	$15.00-$20.00	$35.00-$45.00	$3.00	$3.50-$4.50	$38.00	Balanced Market
20,000 to 39,999	$14.00-$20.00	$30.00-$35.00	$2.25	$3.00-$4.00	$30.00	Moderate Oversupply
40,000 to 59,999	$14.00-$16.00	$30.00-$35.00	$2.00	$2.75-$3.50	$25.00	Balanced Market
60,000 to 99,999	$15.00	$20.00-$25.00	$2.00	$2.75-$3.50	$24.00	Balanced Market
MORE THAN 100,000	$10.00-$12.00	$19.00-$22.00	$2.00	$2.75-$3.50	$22.00	Moderate Oversupply
HIGH TECH/R & D	n/a	$50.00-$60.00	n/a	$7.00-$9.00	$50.00	Moderate Oversupply

KNOXVILLE: INDUSTRIAL

Market Area: Knoxville Metropolitan Area

DEMOGRAPHICS

POPULATION: 587,100
RANK BY POPULATION: 81
POPULATION GROWTH RATE: 0.01%
UNEMPLOYMENT RATE: 6.7%
MEDIAN HOUSEHOLD INCOME: $22,556
RANK BY INCOME: 261
COST OF LIVING INDEX: 95.9
RANK BY COST OF LIVING: 80

MARKET DATA

TOTAL INVENTORY
Central City: 9,076,000 sq.ft.
Suburban: 6,901,000 sq.ft.

VACANT INVENTORY
Central City: 1,270,000 sq.ft.(14.0%)
Suburban: 330,000 sq.ft.(4.8%)

NET ABSORPTION
Central City: 450.000 sq.ft.
Suburban: 680,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The diverse Knoxville economy maintained steady growth in 1988. The Tennessee "right to work" law, along with Knoxville's proximity to new automobile plants in Nashville and Lexington, attracted new industry to the area.

While the economy was stable, demand for industrial space in 1988 was slightly less than in the past couple of years with warehousing and distribution demand being greater than manufacturing. Vacancy rates in the suburbs remained at less than five percent, while lower central city demand produced a 14 percent vacancy rate.

1989 FORECAST

New industrial development in Knoxville is primarily done by local developers who keep the supply and demand situation fairly balanced. Because of this, and the area's stable economy, sales, lease, and site prices are all expected to maintain 1988 levels in 1989. Construction should remain the same with the exception of warehouse/distribution, which may increase one to five percent.

Absorption is expected to increase slightly, one to five percent, however high-tech space should experience 1988 levels of absorption.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	40%	10%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 6-10%	Down 1-5%
DOLLAR VOLUME – SALES**	Down 1-5%	Down 6-10%	Down 1-5%
DOLLAR VOLUME – LEASES**	Down 1-5%	Down 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.75	$1.25	$1.00	$0.75	$0.50	n/a
SUBURBAN	$1.50	$1.25	$1.00	$0.50	$0.40	$0.20	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$30.00	$30.00	$4.50	$4.00	$25.00	Balanced Market
5,000 to 19,999	$30.00	$30.00	$4.00	$3.50	$23.00	Balanced Market
20,000 to 39,999	$22.00	$22.00	$3.00	$3.00	$18.50	Moderate Shortage
40,000 to 59,999	$20.00	$20.00	$2.75	$2.75	$17.00	Moderate Shortage
60,000 to 99,999	$18.00	$15.00	$2.50	$2.50	$15.50	Moderate Shortage
MORE THAN 100,000	$18.00	$15.00	$2.00	$2.00	$15.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

LAKELAND: INDUSTRIAL

Market Area: Lakeland, Eaton Park, Gibsonia, Kathleen, Medulla

1988 REVIEW

Located on Interstate 4 between Tampa and Orlando, this area is experiencing substantial growing because of it's own initiatives and the spill-over effects from the two larger cities. Demand for industrial space for sale or lease rose about five percent in 1988. Most of the development is clustered around the Interstate and orientated towards distribution and service activities. Warehousing and distribution facilities accounted for 70 percent of the absorbed space. The vacancy rate for industrial space in the area was slightly under seven percent but was slightly higher for the high tech space.

1989 FORECAST

Prospects for the next three to four years look good. Prices for industrial property are moving up in all areas sparked by foreign investors from continental Europe and England. Japanese and Chinese buyers have a greater agricultural interest.

DEMOGRAPHICS

POPULATION: 390,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.10%
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $20,620
RANK BY INCOME: 300
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 2,500,000 sq.ft.
Suburban: 10,000,000 sq.ft.

VACANT INVENTORY
Central City: 60,000 sq.ft.(2.4%)
Suburban: 800,000 sq.ft.(8.0%)

NET ABSORPTION
Central City: 500,000 sq.ft.
Suburban: 1,100,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 300,000 sq.ft.
Suburban: 600,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.40	$1.30	$1.25	$1.10	$0.60	$0.55	$0.40
SUBURBAN	$1.30	$1.30	$1.20	$1.10	$0.55	$0.50	$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$24.00	$5.00	$4.50	$22.00	Balanced Market
5,000 to 19,999	$22.00	$22.00	$4.25	$4.00	$20.00	Balanced Market
20,000 to 39,999	$21.00	$21.00	$3.75	$3.50	$19.00	Balanced Market
40,000 to 59,999	$17.00	$17.00	$3.50	$3.25	$15.00	Moderate Shortage
60,000 to 99,999	$16.00	$16.00	$3.25	$3.00	$14.00	Moderate Shortage
MORE THAN 100,000	$14.00	$14.00	$2.60	$2.50	$13.00	n/a
HIGH TECH/R & D	$35.00	$34.00	$5.25	$5.00	$31.00	Moderate Oversupply

LITTLE ROCK: INDUSTRIAL

Market Area: Little Rock, North Little Rock and Pulaski County, Arkansas

1988 REVIEW

The Little Rock area industrial real estate market continued to operate under a situation of oversupply in 1988, with all property size, except very small facilities recording a moderate level of excess space. Accordingly, both sales and lease prices remained virtually unchanged from a year ago.

Diversified absorption continued, with roughly half the space for warehousing and distribution and only marginally less for manufacturing. The high tech absorption was a very small share of the market.

Despite the oversupply situation and stable price trends, new construction continued to increase last year in all three property types.

1989 FORECAST

SIOR respondents expect a marginally better industrial real estate market in 1989, with construction, absorption, sales prices and lease prices all increasing modestly for all property types. The combination of higher volume and prices will produce a moderate increase in the dollar volume of both sales and leases, in the six to 10 percent range.

DEMOGRAPHICS

POPULATION: 508,000
RANK BY POPULATION: 83
POPULATION GROWTH RATE: 0.58%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $24,150
RANK BY INCOME: 211
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 2,500,000 sq.ft.
Suburban: 6,500,000 sq.ft.

VACANT INVENTORY
Central City: 650,000 sq.ft.(26.0%)
Suburban: 1,600,000 sq.ft.(24.6%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 300,000 sq.ft.
Suburban: 450,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	45%	5%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5 %
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.10	$0.95	$0.75	$0.70	$0.45	$0.23	$0.20
SUBURBAN	$0.85	$0.50	$0.40	$0.35	$0.20	$0.15	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$23.00	$3.25	$3.15	$32.00	Moderate Shortage
5,000 to 19,999	$17.50	$16.50	$2.85	$2.75	$30.00	Moderate Oversupply
20,000 to 39,999	$16.50	$15.00	$2.75	$2.70	$28.00	Moderate Oversupply
40,000 to 59,999	$16.00	$15.50	$2.65	$2.60	$27.00	Moderate Oversupply
60,000 to 99,999	$15.50	$15.00	$2.60	$2.50	$26.00	Moderate Oversupply
MORE THAN 100,000	$15.50	$15.00	$2.50	$2.25	$25.00	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply

DEMOGRAPHICS

POPULATION
Anaheim-Santa Ana: 2,226,000
Los Angeles-Long Beach: 8,451,000
Oxnard-Ventura: 632,000
Riverside-San Bernardino: 2,130,000

POPULATION GROWTH RATE
Anaheim-Santa Ana: 1.6%
Los Angeles-Long Beach: 1.2%
Oxnard-Ventura: 2.0%
Riverside-San Bernardino: 3.6%

EMPLOYMENT GROWTH RATE
Anaheim-Santa Ana: 3.7%
Los Angeles-Long Beach: 2.2%
Oxnard-Ventura: 4.1%
Riverside-San Bernardino: 4.2%

UNEMPLOYMENT RATE
Anaheim-Santa Ana: 2.5%
Los Angeles-Long Beach: 3.6%
Oxnard-Ventura: 4.6%
Riverside-San Bernardino: 4.6%

PER CAPITA INCOME
Anaheim-Santa Ana: $14,183
Los Angeles-Long Beach: $11,324
Oxnard-Ventura: $12,137
Riverside-San Bernardino: $10,032

LOS ANGELES METROPOLITAN AREA

Los Angeles Industrial Markets

The Los Angeles market area almost defies description. It encompasses an enormous area of Southern California and is changing considerably.

The population of the entire area is almost 13 million and growing at an average rate of two percent per year. The pace of growth has contributed to the frequent traffic congestion and high housing costs. Even so, Los Angeles continues to be a very attractive place to live. People are drawn to its cultural and social atmosphere, temperate climate, and international service economy.

The high growth sectors of the economy are tied to the U.S. trade with the Pacific Basin countries. Trade impacts the industrial real estate market in several ways. Goods and services passing through the area create the need for warehouse and distribution space. In addition, service oriented businesses such as finance, insurance, legal affairs, and consulting continue to flourish as trade increases.

SIOR respondents separated the Los Angeles Metropolitan Area into seven distinct market areas to more accurately reflect the diverse characteristics. On the following pages are seven market areas in and around the Los Angeles Metropolitan Area. They are:

Los Angeles-Central,
Los Angeles-City of Industry,
Los Angeles-East,
Los Angeles-Orange County,
Los Angeles-San Fernando Valley,
Los Angeles-South Bay,
and Los Angeles-West.

LOS ANGELES-CENTRAL: INDUSTRIAL

Market Area: Los Angeles-Central Metropolitan Area

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Pension Funds, Commercial Banks

1988 REVIEW

Foreign businesses and individuals continued to influence downtown Los Angeles in 1988. Due to the area's diversity of businesses and industries, industrial vacancy rates remained low and marketing periods for sale of buildings remained short.

The industrial leasing market was quite slow in 1988; only well- located and efficiently designed facilities attracted interest. Sales were strong in mid 1988 but, slowed toward the end of the year. Due to the spread between lease rates and sales prices, good investments were difficult to find.

1989 FORECAST

Sales and lease prices for both warehouse/distribution and manufacturing facilities should increase in 1989. However, downtown Los Angeles' leasing development activity is expected to decline due to high land values. Site prices should increase by 11 to 15 percent in 1989.

Both construction and absorption are expected to decline for warehouse/distribution and manufacturing properties. High-tech properties should remain at 1988 construction and absorption levels.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 6-10%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Same	Same
DOLLAR VOLUME – SALES**	Up 11-15%	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$40.00-$60.00	$40.00-$60.00	$30.00-$40.00	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$100.00	n/a	$7.80	n/a	n/a	Substantial Shortage
5,000 to 19,999	$85.00	n/a	$6.60	n/a	$30.00	Moderate Shortage
20,000 to 39,999	$80.00	n/a	$6.00	n/a	$26.00	Moderate Shortage
40,000 to 59,999	$70.00	n/a	$6.00	n/a	$21.00	Moderate Shortage
60,000 to 99,999	$65.00	n/a	$6.00	n/a	$18.00	Substantial Shortage
MORE THAN 100,000	$60.00	n/a	$5.76	n/a	$15.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

LOS ANGELES--CITY OF INDUSTRY: INDUSTRIAL

Market Area: Los Angeles, City of Industry, Eastern Los Angeles County, San Gabriel

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 39,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 6,000,000 sq.ft.(15.4%)

NET ABSORPTION
Central City: n/a
Suburban: 5,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Cos., Owner Financing, Commercial Banks

1988 REVIEW

The City of Industry market area is located in the eastern part of Los Angeles County but to the north of the Lost Angeles--East market area.

The local economy was robust in 1988. This resulted in a strong industrial real estate market which absorbed five million square feet of space. Despite the high level of absorption, the vacancy rate 15.4 percent, representing an inventory level slightly higher than the total space absorbed. The strongest segment of the market in 1988 was warehousing and distribution which accounted for 70 percent of the absorbed space.

1989 FORECAST

SIOR respondents are optimistic about 1989, expecting significant increases in warehouse and distribution absorption and moderate increases in manufacturing space requirements.

Vacancies should be reduced somewhat as construction increases more moderately than absorption.

Despite significant excess inventory and the expectation of considerable new construction,both sales and lease prices for manufacturing and warehouse/distribution facilities are expected to increase 11 to 15 percent, as are site prices.

OUTLOOK

SALES PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Down 11-15%	n/a
DOLLAR VOLUME – SALES**	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 11-15%	Up 11-15%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$8.50	$8.50	$8.00	$7.50	$5.00	$5.50	$4.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$65.00	n/a	$52.00	n/a	Balanced Market
5,000 to 19,999	n/a	$55.00	n/a	$42.00	n/a	Moderate Oversupply
20,000 to 39,999	n/a	$52.00	n/a	$35.00	n/a	Moderate Oversupply
40,000 to 59,999	n/a	$51.00	n/a	$32.00	n/a	Moderate Oversupply
60,000 to 99,999	n/a	$38.00	n/a	$30.50	n/a	Substantial Oversupply
MORE THAN 100,000	n/a	$36.00	n/a	$27.00	n/a	Substantial Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	n/a

LOS ANGELES-EAST: INDUSTRIAL

Market Area: Santa Fe Springs, La Mirada, Cerritos, Buena Park

1988 REVIEW

The Los Angeles-East area experienced another year of solid gains in 1988. Growth of the Pacific Rim business resulted in an influx of Asian clients. This growth has also resulted in low unemployment. Many national companies increased the size of their distribution buildings to between 400,000 and 800,000 square feet of space. Sale prices also continued to rise; the capitalization rate on well-leased industrial buildings selling for more than $10 million dropped into the 6.5 percent to 7.0 percent range. The overall vacancy rate was three percent with no oversupply of facilities with the possible exception of high tech space. Warehousing and distribution use absorbed 70 percent of the space in 1988. Manufacturing activities claimed 25 percent, and high tech/R & D efforts accounted for the remaining five percent.

1989 FORECAST

The sale prices of sites and improvements are both expected to rise between six and ten percent in 1989 while most other activities will rise by a slightly lower rate.

The remaining infill land of 10 to 50 acres is being developed into quality business parks that feature a mixture of 5,000 to 40,000 square foot buildings.

MARKET DATA

TOTAL INVENTORY
Central City: 70,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 2,100,000 sq.ft(3.0%).
Suburban: n/a

NET ABSORPTION
Central City: 1,500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,250,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 5-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$14.00	$12.00	$11.00	$11.00	$8.00	$8.00	$8.00
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$75.00	n/a	$6.50	n/a	$28.00	Moderate Shortage
5,000 to 19,999	$70.00	n/a	$5.90	n/a	$35.00	Moderate Shortage
20,000 to 39,999	$60.00	n/a	$5.30	n/a	$22.00	Balanced Market
40,000 to 59,999	$58.00	n/a	$5.00	n/a	$21.00	Balanced Market
60,000 to 99,999	$52.00	n/a	$4.25	n/a	$17.00	Balanced Market
MORE THAN 100,000	$50.00	n/a	$4.00	n/a	$16.00	Balanced Market
HIGH TECH/R & D	$60.00	n/a	$5.50	n/a	$40.00	Moderate Oversupply

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 139,496,143 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 19,480,867 sq.ft.(14.0%)

NET ABSORPTION
Central City: n/a
Suburban: 15,781,984 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 2,122,356 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

LOS ANGELES–ORANGE COUNTY: INDUSTRIAL

Market Area: Orange County

1988 REVIEW

Los Angeles--Orange County was one of the country's most dynamic markets during 1988, and the industrial real estate market was no exception. The North and Central Orange County areas experienced the best industrial conditions. Large manufacturing uses found Orange County too expensive and moved east, while the southern part of the County was primarily high tech/R & D applications.

Over 15 million feet of industrial space was absorbed last year, 63 percent in the warehousing and distribution area and 37 percent in high tech/R & D. An additional two million square feet was added to the inventory, leaving the vacancy rate a comparatively high 14 percent.

1989 FORECAST

A decline for sales and lease activities is not expected in 1989 due to the short supply of convenient real estate in the county. Prices are expected to increase one to five percent during the year.

High site prices, reaching and exceeding $20 per square foot, will continue to reduce demand for manufacturing applications, but construction of both warehouse and high tech/R & D facilities should increase this year.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	63%	n/a	37%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 6-10%	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$10.00-$22.00	$9.00-$20.00	$9.00-$14.00	$9.00-$14.00	$9.00-$11.00	$8.00-$11.00	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$75.00-$90.00	n/a	$6.60-$9.00	$28.00	Moderate Shortage
5,000 to 19,999	n/a	$70.00-$75.00	n/a	$5.64-$6.84	$25.00-$26.00	Moderate Oversupply
20,000 to 39,999	n/a	$65.00-$68.00	n/a	$5.04-$5.76	$20.00-$22.00	Balanced Market
40,000 to 59,999	n/a	$56.00-$70.00	n/a	$4.80-$5.76	$18.00	Moderate Oversupply
60,000 to 99,999	n/a	$50.00-$56.00	n/a	$4.08-$4.80	$15.00-$17.00	Balanced Market
MORE THAN 100,000	n/a	$37.00-$50.00	n/a	$3.96-$4.80	$14.00-$15.00	Balanced Market
HIGH TECH/R & D	n/a	$75.00-$120.00	n/a	$7.80-$14.40	$35.00	Moderate Oversupply

LOS ANGELES–SAN FERNANDO VALLEY: INDUSTRIAL

Market Area: San Fernando Valley and Ventura County

MARKET DATA

TOTAL INVENTORY
Central City: 120,000,000 sq.ft.
Suburban: 30,000,000 sq.ft.

VACANT INVENTORY
Central City: 6,400,000 sq.ft.(5.3%)
Suburban: 2,200,000 sq.ft.(7.3%)

NET ABSORPTION
Central City: 4,000,000 sq.ft.
Suburban: 1,700,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,800,000 sq.ft.
Suburban: 800,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

The San Fernando Valley was a dynamic industrial real estate market in 1988 absorbing approximately 5.7 million square feet of space. Vacancy conditions were stable, with 8.6 million square feet (5.7 percent) available. Another 2.6 million square feet were added to the inventory during the year.

The market for properties with fewer than 60,000 square feet was generally balanced, while there was a moderate shortage of larger facilities. High tech/R & D space was somewhat oversupplied.

The industrial space absorbed last year was balanced among application with 55 percent manufacturing, 25 percent distribution and 20 percent high tech/R & D.

1989 FORECAST

The SIOR respondent expects the strong market to continue in 1989, with both construction and absorption expected to increase six to 10 percent during the year.

In light of the strong demand expected, both sales and lease prices are expected to increase, with sales prices increasing six to 10 percent and lease prices increasing 11 to 15 percent. These increases are expected in every type of industrial property.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	25%	55%	20%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 6-10%	Down 50%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Down 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$30.00	$25.00	$25.00	$25.00	n/a	n/a	n/a
SUBURBAN	$12.00	$10.00-$12.00	$8.00-$11.00	$7.00-$9.00	$5.00	$3.00-$5.00	$2.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$85.00	$78.00	$9.60	$8.40	$25.00	Moderate Oversupply
5,000 to 19,999	$80.00	$74.00	$9.00	$8.00	$20.00	Balanced Market
20,000 to 39,999	$60.00	$55.00	$7.50	$7.00	$17.00	Balanced Market
40,000 to 59,999	$52.00	$45.00	$6.50	$6.00	$16.00	Balanced Market
60,000 to 99,999	$45.00	$40.00	$7.00	$6.50	$15.00	Moderate Shortage
MORE THAN 100,000	$47.00	$42.00	$6.60	$6.00	$14.00	Moderate Shortage
HIGH TECH/R & D	$80.00	$70.00	$10.00	$8.00	$25.00	Moderate Oversupply

LOS ANGELES-SOUTH BAY: INDUSTRIAL

Market Area: Torrance, and Manchester Boulevard on the North, to the Orange County line on the South

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 161,500,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 17,648,338 sq.ft.(10.9%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 750,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., S&Ls

1988 REVIEW

This market area derived substantial benefit from the export/import activity of the area's ports. In general, the economy was strong, but there were soft spots for certain industrial properties with a weakening of activity within the aerospace and defense industries.

Several relocations from the South Bay area to Northwest Orange County created vacancies in several large buildings. The overall vacancy rate rose from six percent to 11 percent during 1988. The demand for larger buildings slackened, but the demand for smaller spaces was strong. Of the 750,000 square feet of space that was leased in 1988, roughly 85 percent was for warehousing and distribution purposes. Lease rates on new buildings escalated due to the increased cost of land and construction activity.

1989 FORECAST

Speculative development will be cut drastically in 1989. A lack of available land will stop many developers while those with land will be cautious. There will be a trend toward building service center type of structures with office space comprising 50 percent of the total square footage.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	85%	10%	5%
RATE OF NEW CONSTRUCTION**	n/a	Same	Same
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Same
DOLLAR VOLUME – LEASES**	Same	Down 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$15.00-$25.00	$15.00-25.00	$15.00-$20.00	$15.00-18.00	$12.00-$15.00	$10.00-$15.00	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$60.00-$85.00	n/a	$6.00-$9.00	$36.80	Moderate Oversupply
5,000 to 19,999	n/a	$53.00-$75.00	n/a	$5.00-$8.00	$32.00	Moderate Shortage
20,000 to 39,999	n/a	$50.00-$65.00	n/a	$4.80-$6.00	$27.50	Moderate Shortage
40,000 to 59,999	n/a	$43.00-$62.00	n/a	$4.20-$5.50	$22.00	Balanced Market
60,000 to 99,999	n/a	$43.00-$62.00	n/a	$4.10-$5.50	$19.00	Balanced Market
MORE THAN 100,000	n/a	$40.00-$53.00	n/a	$4.00-$5.10	$16.25	Substantial Oversupply
HIGH TECH/R & D	n/a	$77.00-$88.00	n/a	$7.80-$13.20	$58.00	n/a

LOS ANGELES-WEST: INDUSTRIAL

Market Area: Los Angeles-West Metropolitan Area

1988 REVIEW

The demand for industrial properties in the West Los Angeles, Santa Monica, Marina, Culver City, and Los Angeles market was oriented toward airport related uses and continued to be strong with heavy amounts of foreign investment. The demand for facilities exceeded the supply. The inventory of properties for sale was extremely low and this factor caused prices to rise. In spite of the fact that approximately 45 percent of the recent absorption has consisted of high tech facilities, the shortage of facilities appeared to be greatest for traditional warehousing and distribution and manufacturing space.

1989 FORECAST

Construction of additional facilities is expected to increase less than five percent in 1989 while sale prices of existing facilities will likely rise between six and 10 percent. The dollar volume of properties sold or leased will likely rise less than five percent.

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Pension Funds

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	35%	20%	45%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$20.00-$65.00	$20.00-$60.00	$20.00-$50.00	$20.00-$50.00	$20.00-$65.00	$20.00-$50.00	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$125.00	n/a	$9.60	n/a	$40.00	Moderate Shortage
5,000 to 19,999	$100.00	n/a	$9.00	n/a	$35.00	Moderate Shortage
20,000 to 39,999	$70.00	n/a	$8.40	n/a	$30.00	Moderate Shortage
40,000 to 59,999	$60.00	n/a	$8.40	n/a	$25.00	Moderate Shortage
60,000 to 99,999	$60.00	n/a	$7.20	n/a	$20.00	Moderate Shortage
MORE THAN 100,000	$55.00	n/a	$7.20	n/a	$18.00	Moderate Shortage
HIGH TECH/R & D	$75.00	n/a	$14.00	n/a	$30.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 967,400
RANK BY POPULATION: 48
POPULATION GROWTH RATE: 0.35%
UNEMPLOYMENT RATE: 9.5%
MEDIAN HOUSEHOLD INCOME: $26,036
RANK BY INCOME: 144
COST OF LIVING INDEX: 96.3
RANK BY COST OF LIVING: 59

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

LOUISVILLE: INDUSTRIAL

Market Area: Louisville Metropolitan Area

1988 REVIEW

Louisville's economy has long depended on heavy manufacturing, but in 1988 the major developments were in the trade and services sectors. In the industrial real estate market warehousing and distribution accounted for 60 percent of the activity.

Most industrial property types had shortages of space, with the shortages more pronounced in smaller and larger facilities and in high tech space. The shortage of high tech space set Louisville apart as one of the few markets around the country where high tech was not overbuilt.

Construction of all types of industrial space was higher in 1988 than in 1987, usually by more than 10 percent. Dollar volume of both sales and leases also improved, but by a somewhat lower percentage.

1989 FORECAST

The reported shortages of industrial space will lead to some additional construction in 1989. Both absorption and construction of manufacturing space should increase moderately.

The tight market for space will result in increasing costs for industrial space. Except for high tech space, both sales and lease prices are anticipated to increase six to 10 percent this year.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing:Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	35%	5%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.75	$1.50	$1.25	$1.00	$1.25	$1.00	$0.50
SUBURBAN	$1.75	$1.50	$1.50	$1.00	$1.00	$0.75	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$27.00	$27.00	$3.25	$3.75	$27.50	Substantial Shortage
5,000 to 19,999	$22.00	$23.00	$2.75	$3.50	$22.00	Substantial Shortage
20,000 to 39,999	$20.00	$21.00	$2.50	$3.25	$21.00	Moderate Shortage
40,000 to 59,999	$19.00	$20.00	$2.50	$3.25	$20.00	Moderate Shortage
60,000 to 99,999	$18.00	$19.00	$2.25	$2.75	$18.00-$20.00	Moderate Shortage
MORE THAN 100,000	$18.00	$19.00	$2.00	$2.50	$18.00-$20.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Substantial Shortage

DEMOGRAPHICS

POPULATION: 360,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 3.5%
UNEMPLOYMENT RATE: 5.1%
MEDIAN HOUSEHOLD INCOME: $25,405
RANK BY INCOME: 173
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

MELBOURNE/S.BREVARD COUNTY: INDUSTRIAL

Market Area: Melbourne and South Brevard County

1988 REVIEW

The population of South Brevard County rose 59 percent between 1980 and 1988 and is presently one of the ten fastest growing areas in the nation. The 40 largest high-tech manufacturing firms in the area employed nearly 17,700 people or 18 percent of the county's work-force. Leasing of industrial properties was steady during 1988 with a rising demand for facilities containing 20,000 or more square feet of space. Several national and/or regional developers have recently enter the area in spite of some existing excess space.

1989 FORECAST

The area already has very high concentrations of engineering firms and people which should continue to encourage the relocations and expansions of high-tech electronics, and aerospace firms. The area's electronics industry experienced a strong volume of business in 1988 and 1989 is expected to be even better. The reactivation of the space shuttle program has enhanced the outlook for the area.

Lease rates are expected to remain steady in 1989.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	40%	20%
RATE OF NEW CONSTRUCTION**	Same	Same	Up 6-10%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.70-$1.40	$0.70-$1.40	$0.70-$1.40	$0.65-$0.80	$0.60-$0.80	$0.60-$0.80	$0.60-$0.80

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$28.00-$37.00	n/a	$3.60-$5.75	$28.00	Moderate Oversupply
5,000 to 19,999	n/a	$28.00-$33.00	n/a	$3.50-$4.80	$24.00	Balanced Market
20,000 to 39,999	n/a	$25.00-$28.00	n/a	$3.35-$4.80	$24.00	Moderate Ovesupply
40,000 to 59,999	n/a	$20.00-$28.00	n/a	$3.35-$4.80	$24.00	Moderate Oversupply
60,000 to 99,999	n/a	$20.00-$28.00	n/a	$3.35-$4.80	$26.00	Balanced Market
MORE THAN 100,000	n/a	$20.00-$28.00	n/a	$3.35-$4.80	$22.00	Balanced Market
HIGH TECH/R & D	n/a	$42.00	n/a	$4.60-$6.70	$38.00-$45.00	Moderate Oversupply

MEMPHIS: INDUSTRIAL

Market Area: Memphis; Crittendon County, Arkansas; Desoto County, Mississippi; and Fayette County, Tennessee

1988 REVIEW

The industrial real estate market in Memphis during 1988 was virtually identical to 1987, with balanced markets for small industrial facilities and moderate oversupply for other manufacturing/distribution space. The high tech/R&D space, however, was still substantially oversupplied.

Consistent with its role as a distribution center, the vast majority of industrial space absorbed last year was warehouse and distribution space.

In light of the stable market for space, continued stable sales and lease prices for all types of industrial space were observed

1989 FORECAST

SIOR respondents expect stable conditions in most industrial submarkets in 1989, although construction of both distribution and high tech space is expected to decline. While an increase of manufacturing absorption is believed to be underway, the core distribution market may see some softening.

DEMOGRAPHICS

POPULATION: 971,600
RANK BY POPULATION: 47
POPULATION GROWTH RATE: 0.88%
UNEMPLOYMENT RATE: 4.9%
MEDIAN HOUSEHOLD INCOME: $24,271
RANK BY INCOME: 208
COST OF LIVING INDEX: 98.2
RANK BY COST OF LIVING: 49

MARKET DATA

TOTAL INVENTORY
Central City: 38,500,000 sq.ft.
Suburban: 51,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,000,000 sq.ft.(5.2%)
Suburban: 4,000,000 sq.ft.(7.8%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Down 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	95%	5%	n/a
RATE OF NEW CONSTRUCTION**	Down 11-15%	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Up 6-10%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.50-$1.00	$0.50-$1.00	$0.50-$1.00	$0.50-$1.00	$0.75	$0.50-$0.75	$0.30-$0.50
SUBURBAN	$1.50-$2.50	$1.25-$2.25	$1.25-$1.75	$1.10-$1.25	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$20.00-$25.00	$25.00-$35.00	$2.30-$3.00	$5.00	$21.50	Balanced Market
5,000 to 19,999	$14.00-$22.00	$15.00-$25.00	$2.25-$2.85	$3.70	$18.00	Balanced Market
20,000 to 39,999	$12.00-$20.00	$15.00-$25.00	$1.85-$2.25	$3.00	$15.50	Moderate Oversupply
40,000 to 59,999	$9.00-$13.00	$15.00-$20.00	$1.75-$2.25	$2.85	$15.00	Moderate Oversupply
60,000 to 99,999	$10.00-$12.00	$13.00-$17.00	$1.50-$2.00	$2.75	$14.50	Moderate Oversupply
MORE THAN 100,000	$9.00-$10.00	$13.00-$16.00	$1.50	$2.60	$13.50	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	$6.00-$8.00	$30.00	Substantial Oversupply

DEMOGRAPHICS

POPULATION: 1,776,800
RANK BY POPULATION: 25
POPULATION GROWTH RATE: 1.21%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $24,492
RANK BY INCOME: 199
COST OF LIVING INDEX: 112.4
RANK BY COST OF LIVING: 14

MARKET DATA

TOTAL INVENTORY
Central City: 61,000,000 sq.ft.
Suburban: 50,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,800,000 sq.ft.(4.6%)
Suburban: 1,700,000 sq.ft.(3.4%)

NET ABSORPTION
Central City: [illegible],000 sq.ft.
Suburban: 2,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 250,000 sq.ft.
Suburban: 1,300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

MIAMI: INDUSTRIAL

Market Area: Miami and Dade County

1988 REVIEW

The Miami economy remained stable and avoided overinflation in 1988. Specifically, the manufacturing sector was strong due, in part, to the ample labor supply.

In general, the demand for industrial space was also strong in 1988. Lease rates increased substantially over the past four years and sales prices also increased. Foreign investment grew, however the Latin American investors were not highly active.

Industrial vacancies remained very low with shortages in most property categories and no oversupplies. Also, net absorption exceeded construction, which tightened the market even further.

1989 FORECAST

Even with a tight market, developers are cautious about new speculative development in 1989. Many are watching for interest rates to stabilized. While construction is expected to increase six to 10 percent in 1989, absorption should also increase by 11 to 15 percent. Sales, lease, and site prices are all expected to rise in 1989.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 11-15%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	15%	10%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 6-10%	Up 11-15%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00	$2.75	$2.50	n/a	n/a	n/a	n/a
SUBURBAN	$6.50	$5.50	$5.00	$4.00	$3.00	$1.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$45.00	$2.75	$5.00	$28.00	Balanced Market
5,000 to 19,999	$20.00	$38.00	$2.50	$4.50	$26.00	Moderate Shortage
20,000 to 39,999	$19.00	$35.00	$2.25	$4.25	$23.00	Moderate Shortage
40,000 to 59,999	$17.00	$33.00	$2.00	$4.00	$21.00	Moderate Shortage
60,000 to 99,999	$16.00	$31.00	$1.90	$3.50	$19.00	Substantial Shortage
MORE THAN 100,000	$15.00	$27.00	$1.70	$3.25	$18.00	Substantial Shortage
HIGH TECH/R & D	n/a	$50.00	n/a	$7.50	$30.00	Balanced Market

MILWAUKEE: INDUSTRIAL

Market Area: Milwaukee Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,383,300
RANK BY POPULATION: 31
POPULATION GROWTH RATE: 0.53%
UNEMPLOYMENT RATE: 3.4%
MEDIAN HOUSEHOLD INCOME: $29,395
RANK BY INCOME: 48
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 100,000,000 sq.ft.
Suburban: 30,000,000 sq.ft.

VACANT INVENTORY
Central City: 11,500,000 sq.ft.(11.5%)
Suburban: 2,000,000 sq.ft.(6.7%)

NET ABSORPTION
Central City: n/a
Suburban: 1,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 400,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks, Insurance Cos., Owner Financing

1988 REVIEW

Milwaukee is the main industrial port of the Great Lakes region. It's economic base is dominated by machinery manufacturing which rebounded in 1988 due to U.S. exchange rates and the strong export sales. These factors combined with the relative growth of retail trade and health-services, resulted in a strong economy. A substantial number of firms expanded their operations while others relocated to the area. The overall industrial real estate market was very active and in fair balance with a vacancy rate of about 10.5 percent. Leases were prevalent for facilities with less than 10,000 square feet of space, while sales were more dominant with larger size buildings. An estimated one million square feet of space was absorbed in 1988 of which 50 percent was for warehousing and distribution, 30 percent for manufacturing, and 20 percent for high tech/R & D.

1989 FORECAST

Little speculative development is anticipated due to the rather low rent levels and the high cost of construction. Leasing rates and sale prices will rise six to 10 percent for warehousing and distribution facilities but manufacturing is expected to gain only one to five percent and high tech/R & D should remain at the 1988 level.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases:Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	30%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$30.00-$35.00	n/a	$3.75-$4.25	$35.00-$40.00	Substantial Shortage
5,000 to 19,999	n/a	$22.00-$28.00	n/a	$3.25-$3.75	$30.00-$35.00	Moderate Shortage
20,000 to 39,999	n/a	$18.00-$23.00	n/a	$2.25-$3.00	$25.00	Balanced Market
40,000 to 59,999	n/a	$15.00-$20.00	n/a	$2.00-$2.75	$20.00-$25.00	Moderate Shortage
60,000 to 99,999	n/a	$12.00-$17.00	n/a	$1.75-$2.40	$20.00	Moderate Shortage
MORE THAN 100,000	n/a	$5.00-$8.00	n/a	$1.00-$1.75	$18.00	Substantial Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	$4.50-$4.75	$35.00-$45.00	Balanced Market

MINNEAPOLIS/ST. PAUL: INDUSTRIAL

Market Area: Minneapolis/St. Paul Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,316,800
RANK BY POPULATION: 13
POPULATION GROWTH RATE: 0.60%
UNEMPLOYMENT RATE: 3.8%
MEDIAN HOUSEHOLD INCOME: $32,444
RANK BY INCOME: 20
COST OF LIVING INDEX: 104.6
RANK BY COST OF LIVING: 24

MARKET DATA

TOTAL INVENTORY
Central City: 74,000,000 sq.ft.
Suburban: 109,000,000 sq.ft.

VACANT INVENTORY
Central City: 5,550,000 sq.ft.(7.5%)
Suburban: 9,042,000 sq.ft.(8.3%)

NET ABSORPTION
Central City: 1,000,000 sq.ft.
Suburban: 2,500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,000,000 sq.ft.
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

For several years the Minneapolis/St. Paul economy has been dealing with the transformation from a manufacturing to a service economy. During this period the industrial real estate market was depressed and burdened with excess supply.

Despite a reduced level of absorption in 1988 (3.5 million square feet), the lack of new construction projects helped the vacancy rates decline further, to 7.5 percent in the central city and 8.3 percent in the suburbs, a situation which represents a balanced market in most property types, but shows a shortage of larger properties. Only the high tech market was oversupplied.

1989 FORECAST

SIOR respondents foresee further declines in absorption in the year ahead, but even more significant declines in new construction should allow vacancy rates to continue to decline.

The combination of reduced demand and plentiful supply of all types of industrial space mean that both sales and lease prices should remain relatively unchanged for the next few months.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME – SALES**	Same	Same	Down 1-5%
DOLLAR VOLUME – LEASES**	Same	Same	Down 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

LOCATION	*IMPROVED SITES* LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	*UNIMPROVED SITES* LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00-$5.00	$3.00	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.50-$3.00	$1.50-$3.00	$1.25-$2.75	$1.00-$2.50	$1.00	$0.25	$0.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	$4.00	$6.00	$42.00	Balanced Market
5,000 to 19,999	$18.00-$24.00	$25.00-$33.00	$3.25	$5.50	$30.00	Balanced Market
20,000 to 39,999	$16.00-$24.00	$25.00-$33.00	$3.00	$5.25	$26.00	Balanced Market
40,000 to 59,999	$13.00-$23.00	$23.00-$30.00	$2.75	$5.00	$23.00	Balanced Market
60,000 to 99,999	$11.00-$22.00	$16.00-$22.00	$2.60	$4.50	$21.00	Moderate Shortage
MORE THAN 100,000	$10.00-$20.00	$14.00-$22.00	n/a	n/a	$20.00	Moderate Shortage
HIGH TECH/R & D	n/a	$35.00-$50.00	n/a	$6.00-$8.00	$47.00	Moderate Oversupply

MOBILE: INDUSTRIAL

Market Area: Mobile Metropolitan Area

1988 REVIEW

Metropolitan Mobile, plagued by a higher than average unemployment rate, faced a stagnant, oversupplied industrial real estate market in 1988. Only buildings with less than 5,000 square feet and high tech space could be characterized as balanced. No significant industrial space was absorbed in the central city, and only 200,000 square feet was absorbed in the suburban areas, leading to vacancy rates of 33.3 and 16 percent, respectively. No speculative construction was underway.

Absorption during the year was 60 percent in the warehousing and distribution sector, 30 percent in high tech, and only 10 percent in manufacturing.

1989 FORECAST

SIOR respondents expect the tough market to continue, although some increases in both warehouse and distribution and high tech absorption are foreseen. The soft market will keep both sales and lease prices at current levels.

The persistent vacancy problem means that speculative construction, already virtually nonexistent, will be reduced even further in 1969.

DEMOGRAPHICS

POPULATION: 481,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 1.10%
UNEMPLOYMENT RATE: 9.5%
MEDIAN HOUSEHOLD INCOME: $22,007
RANK BY INCOME: 275
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 1,500,000 sq.ft.
Suburban: 1,250,000 sq.ft.

VACANT INVENTORY
Central City: 500,000 sq.ft.(33.3%)
Suburban: 200,000 sq.ft.(16.0%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Down 11-15%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	10%	30%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.00	$1.50	$0.75	$1.00	$0.75	$0.50
SUBURBAN	$3.00	$2.50	$2.00	$1.00	$1.00	$0.75	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$28.00	$3.50	$4.00	$30.00	Balanced Market
5,000 to 19,999	$22.50	$25.00	$3.85	$3.00	$25.00	Moderate Oversupply
20,000 to 39,999	$20.00	$20.00	$2.00	$2.50	$18.00	Moderate Oversupply
40,000 to 59,999	$18.00	$18.00	$1.75	$2.00	$15.00	Moderate Oversupply
60,000 to 99,999	$15.00	$18.00	$1.50	$2.00	$14.00	Substantial Oversupply
MORE THAN 100,000	$13.00	$13.00	$1.50	$2.00	$12.50	Substantial Oversupply
HIGH TECH/R & D	$32.00	$35.00	$4.50	$6.00	$35.00	Balanced Market

NASHUA: INDUSTRIAL

Market Area: Nashua, Amherst, Hollis, Hudson, and Merrimack

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.0%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 11,284,170 sq.ft.
Suburban: 8,464,561 sq.ft.

VACANT INVENTORY
Central City: 923,077 sq.ft.(8.2%)
Suburban: 1,081,655 sq.ft.(12.8%).

NET ABSORPTION
Central City: (72,233) sq.ft.
Suburban: (189,849) sq.ft.

CURRENT CONSTRUCTION
Central City: 77,200 sq.ft.
Suburban: 207,080 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

The service and retail economies at both the local and state level remained strong. Purchase demand was strong for free standing buildings under 30,000 square feet and sites less than five acres. Lease space in high tech buildings continued to be strong despite an exodus of high tech firms from the local area. Expanding local firms absorbed the displaced workers and the additional space. Lease space ranging from 25,000 to 40,000 square feet continued to lag. Both for sale and lease space greater than 100,000 square feet experienced minimal activity.

1989 FORECAST

New construction will be concentrated at the upper end of the market, specifically in research and development buildings. Demand will cause current supply to continue to be absorbed. Current inventories are being upgraded to not only industrial uses, but also retail and service uses. In some instances, inventory is being eliminated to allow for new housing development.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	25%	15%	60%
RATE OF NEW CONSTRUCTION**	Up 92%	Down 26%	Up 200%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.50	$3.00	$2.75	$2.50	$3.10	n/a	n/a
SUBURBAN	$2.30	$2.10	$1.90	$1.75	$1.50	$1.15	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$70.00	$55.00	$4.75	$4.75	$38.00	Moderate Shortage
5,000 to 19,999	$65.00	$50.00	$4.25	$4.25	$35.00	Moderate Shortage
20,000 to 39,999	$50.00	$42.00	$4.00	$4.00	$33.00	Moderate Oversupply
40,000 to 59,999	$46.00	$40.00	$4.00	$3.75	$31.00	Balanced Market
60,000 to 99,999	$44.00	$38.00	$4.00	$3.75	$30.00	Balanced Market
MORE THAN 100,000	$42.00	$35.00	$3.75	$3.75	$28.00	Substantial Oversupply
HIGH TECH/R & D	$75.00	$65.00	$7.00	$6.00	$65.00	Moderate Oversupply

NASHVILLE: INDUSTRIAL

Market Area: Nashville Metropolitan Area

DEMOGRAPHICS

POPULATION: 943,700
RANK BY POPULATION: 53
POPULATION GROWTH RATE: 0.37%
UNEMPLOYMENT RATE: 4.1%
MEDIAN HOUSEHOLD INCOME: $27,079
RANK BY INCOME: 118
COST OF LIVING INDEX: 102.3
RANK BY COST OF LIVING: 34

MARKET DATA

TOTAL INVENTORY
Central City: 92,000,000 sq.ft.
Suburban: 6,000,000 sq.ft.

VACANT INVENTORY
Central City: 1,500,000 sq.ft.(1.6%)
Suburban: 350,000 sq.ft.(5.8%)

NET ABSORPTION
Central City: 600,000 sq.ft.
Suburban: 25,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 440,000 sq.ft.
Suburban: 1,970,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Nashville's economy continued to benefit from major employers selecting the area for development of new facilities, such as the GM/Saturn plant and Nissan. Many small suppliers to the auto industry were looking for space in the Nashville area to be near their markets. The industrial markets, except for high tech, were in a moderate to substantial shortage situation, with vacancy rates of only 1.6 percent in the central city and 5.8 percent in the suburban areas.

Of the 625,000 square feet of industrial space absorbed last year, the majority was warehousing and distribution space, accounting for 62 percent. High Tech/R & D absorption edged out manufacturing by a slight margin.

1989 FORECAST

Current construction coming on line will allow manufacturing absorption to increase 11 to 15 percent in 1989, while warehouse/distribution absorption will slow somewhat. Similarly manufacturing construction will continue to increase while other types of industrial construction are steady to slightly lower.

On the price side, stability will be the watchword, with sales prices expected to remain unchanged while lease prices increase less than five percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	19%	21%
RATE OF NEW CONSTRUCTION**	Down 80%	Up 11-15%	Down 50%
DOLLAR VOLUME – SALES**	Down 30%	Same	Down 11-15%
DOLLAR VOLUME – LEASES**	Down 20%	Same	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.25	$3.00	n/a	$1.00	n/a	n/a
SUBURBAN	$1.50	$1.00	$0.75	$0.50	$0.50	$0.25	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$23.00	$4.00	$3.25	$20.00	Substantial Shortage
5,000 to 19,999	$24.00	$22.00	$3.75	$3.25	$17.00	Substantial Shortage
20,000 to 39,999	$22.00	$21.00	$3.50	$3.00	$16.00	Moderate Shortage
40,000 to 59,999	$22.00	$21.00	$3.40	$3.00	$15.00	Moderate Shortage
60,000 to 99,999	$20.00	$17.00	$2.75	$2.25	$13.00	Moderate Shortage
MORE THAN 100,000	$20.00	$17.00	$2.75	$2.25	$13.00	Substantial Shortage
HIGH TECH/R & D	$34.00	$28.00	$6.25	$5.00	$28.00	Moderate Oversupply

NEW HAVEN: INDUSTRIAL

Market Area: New Haven, Branford, East Haven, Milford, North Haven, Wallingford, and West Haven

DEMOGRAPHICS

POPULATION: 783,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.3%
UNEMPLOYMENT RATE: 3.2%
MEDIAN HOUSEHOLD INCOME: $30,219
RANK BY INCOME: 38
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 6,300,000 sq.ft.
Suburban: 28,500,000 sq.ft.

VACANT INVENTORY
Central City: 300,000 sq.ft.(4.8%)
Suburban: 1,000,000 sq.ft.(3.5%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 100,000 sq.ft.
Suburban: 400,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

New Haven's economy continued to move away from a dependence on manufacturing. Most of the area's heavy industrial manufacturing moved out of the state. Many of the old factory buildings in and around New Haven were converted into incubator space for small start-up companies, including electronic assembly, small product distributions, and wholesale and retail trade operations. Site prices escalated too high to make new construction feasible. Developers continued to remodel old buildings to be sub-divided into smaller light industrial, office, and retail space.

1989 FORECAST

Appreciation of site prices is anticipated to continue throughout the year. The New Haven area is expected to maintain a balanced industrial market, with demand and supply closely matched.

OUTLOOK

SALES PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
n/a

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - SALES**	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - LEASES**	Up 1-5%	Same	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.75	$3.50	$3.00	$2.50	$1.50	$1.25	$1.10
SUBURBAN	$3.75	$3.50	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$42.00	$46.00	$5.25	$6.25	$45.00	Substantial Shortage
5,000 to 19,999	$38.00	$42.00	$5.50	$6.00	$42.00	Moderate Shortage
20,000 to 39,999	$36.00	$40.00	$5.25	$5.50	$40.00	Moderate Shortage
40,000 to 59,999	$35.00	$36.00	$5.00	$5.25	$36.00	Balanced Market
60,000 to 99,999	$34.00	$35.00	$4.75	$5.00	$32.00	Balanced Market
MORE THAN 100,000	$32.00	$32.00	n/a	$4.50	$30.00	Balanced Market
HIGH TECH/R & D	n/a	$50.00	$12.00	$13.00	$60.00	Balanced Market

NEW JERSEY-SOUTHERN: INDUSTRIAL

Market Area: Burlington, Camden, and Gloucester Counties

1988 REVIEW

These three counties are the New Jersey component of the Greater Philadelphia Metropolitan Area. In recent years, the economy has shifted away from manufacturing toward non-manufacturing sectors to diversify and protect its employment base. These New Jersey suburban counties had impressive population gains in recent years as people left the older urban areas. Per capita income for these three counties was higher than the U.S. average but lower than the average for the other five counties in the Philadelphia Metro Area. Industrial construction and leasing activity each rose six to 10 percent in 1988 while sales activity was slightly slower. Like several older industrial areas there tended to be a moderate oversupply of industrial facilities.

1989 FORECAST

The SIOR respondent sees a strong market for 1989. A lot of new construction is being planned with Gloucester County seeing the largest growth.

The demand is up for build-to-suit leases and sales.

The trend is toward internal growth, however, there is good activity from companies relocating to the area.

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 21,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,050,000 sq.ft.(5.0%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
n/a

PRIME SOURCE OF FINANCING
n/a

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 1-5%
Leases: n/a

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$3.50	$3.00	$2.75	$2.10	$1.40	$1.35	$1.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$55.00	n/a	$4.50	$25.00	Balanced Market
5,000 to 19,999	n/a	$50.00	n/a	$4.15	$21.00	Moderate Oversupply
20,000 to 39,999	n/a	$50.00	n/a	$2.00	$20.00	Moderate Oversupply
40,000 to 59,999	n/a	$45.00	n/a	$3.60	$19.00	Moderate Oversupply
60,000 to 99,999	n/a	$45.00	n/a	$3.25	$18.00	Moderate Oversupply
MORE THAN 100,000	n/a	$38.00	n/a	$3.00	$15.00	Moderate Oversupply
HIGH TECH/R & D	n/a	$65.00	n/a	$8.00-$12.00	n/a	Moderate Oversupply

NEW ORLEANS: INDUSTRIAL

Market Area: New Orleans Metropolitan Area including Algiers, Gretna, Jefferson Parish, and St. Charles Parish

1988 REVIEW

New Orleans experienced a flat economy with demand for industrial space down mainly due to the decline in the oil industry. The most severely affected segment of the market was high dock space used for distribution. The city is losing its place as a distribution center and much light manufacturing continued to move out. This fact also caused a drop in market demand.

Relocations were within the area (lateral movement) with little outside users moving into the community. Several distribution facilities were shut down and the area was serviced from facilities 400-500 miles away. It appeared these decisions follow the deregulation of the trucking industry which has made other cities equally competitive.

1989 FORECAST

With rental rates about 33 percent below levels developers require to proceed, no speculative development is anticipated during 1989. It is doubtful that any will even be contemplated. Although the market is soft, industrial property owners do have an opportunity to attract users due to the large inventory of space available and the low prices currently being offered.

DEMOGRAPHICS

POPULATION: 1,333,700
RANK BY POPULATION: 33
POPULATION GROWTH RATE: 0.16%
UNEMPLOYMENT RATE: 8.7%
MEDIAN HOUSEHOLD INCOME: $24,489
RANK BY INCOME: 200
COST OF LIVING INDEX: 97.5
RANK BY COST OF LIVING: 53

MARKET DATA

TOTAL INVENTORY
Central City: 21,060,000 sq.ft.
Suburban: 32,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,958,000 sq.ft.(14.1%)
Suburban: 6,875,914 sq.ft.(21.5%)

NET ABSORPTION
Central City: (400,000) sq.ft.
Suburban: (525,914) sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$6.00	$5.00	$5.00	$4.50	n/a	n/a	n/a
SUBURBAN	$1.00-$6.00	$1.00-$5.50	$1.00-$5.50	$1.00-$5.50	$0.50-$2.00	$0.50-$2.00	$0.50-$2.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$32.00	$38.00-$40.00	$2.25-$3.00	$4.00	$29.00	Moderate Oversupply
5,000 to 19,999	$28.00	$30.00-$31.00	$1.75-$2.50	$3.00	$24.50	Balanced Market
20,000 to 39,999	$25.00	$30.00	$1.75-$2.00	$2.20	$20.00	Moderate Oversupply
40,000 to 59,999	$22.00	$25.00	$1.50-$1.75	$2.00	$19.00	Moderate Oversupply
60,000 to 99,999	$22.00	$22.00-$23.00	$1.50	$2.00	$17.00	Substantial Oversupply
MORE THAN 100,000	$22.00	$19.00	$1.25	$2.00	$15.50	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$25.00	Balanced Market

NEW YORK METROPOLITAN AREA

New York Industrial Markets

The New York-Northern New Jersey-Long Island consolidated metropolitan statistical area has a population of approximately 18 million people. Over eight million people live in New York City. Every major industry maintains a presence in the New York metropolitan area; however, no other city in the country has such a high concentration of banking and financial services.

The limited supply and high cost of land have caused development to move further away from the city, to more suburban areas in Northern New Jersey, New York state and Connecticut. Manufacturing employment declined at an average annual rate of 2.2 percent between 1975 and 1985, as numerous firms relocated to lower cost areas. Economic growth in the non-manufacturing sector during this same period, contributed to the area's transition from a manufacturing-based to service-based economy.

SIOR respondents divided the New York Metropolitan area into five separate industrial markets to more accurately reflect the diversity of market characteristics. On the following pages are reports from five market areas in and around the New York Metropolitan Area. They are:

New Jersey-Northern;

New York City;

New York City-Brooklyn/Queens;

New York-Nassau/Suffolk;

and New York-Rockland/Westchester Counties.

DEMOGRAPHICS

POPULATION

Bergen-Passaic, NJ: 1,301,000
Middlesex-Somerest-Hunterdon, NJ: 966,000
Nassau-Suffolk, NY: 2,661,000
New York, NY: 8,471,000
Newark, NJ: 1,894,000

POPULATION GROWTH RATE

Bergen-Passaic, NJ: 0.1%
Middlesex-Somerest-Hunterdon, NJ: 1.0%
Nassau-Suffolk, NY: 0.3%
New York, NY: 0.2%
Newark, NJ: 0.1%

EMPLOYMENT GROWTH RATE

Bergen-Passaic, NJ: 1.4%
Middlesex-Somerest-Hunterdon, NJ: 2.7%
Nassau-Suffolk, NY: 1.2%
New York, NY: 0.6%
Newark, NJ: 0.6%

UNEMPLOYMENT RATE

Bergen-Passaic, NJ: 3.4%
Middlesex-Somerest-Hunterdon, NJ: 2.6%
Nassau-Suffolk, NY: 3.5%
New York, NY: 4.5%
Newark, NJ: 3.9%

PER CAPITA INCOME

Bergen-Passaic, NJ: $14,851
Middlesex-Somerest-Hunterdon, NJ: $14,979
Nassau-Suffolk, NY: $14,418
New York, NY: $11,969
Newark, NJ: $13,517

NEW YORK CITY: INDUSTRIAL

Market Area: Manhattan, Bronx, Brooklyn, Queens

1988 REVIEW

The industrial real estate in this area remained strong, stable and reasonably well balanced, but had a great deal of variation among the areas. Single story buildings were in demand in Brooklyn, Queens, and the Bronx for heavy industrial uses. In Manhattan, the demand was generally more for loft-type, multi-floor buildings to be used for light assembly and manufacturing. The amount of space needed as compared to the amount available for the more desirable industrial properties was fairly well balanced with a moderate oversupply of high tech facilities.

1989 FORECAST

There will be only a small amount of industrial construction in 1989 due to the high cost of land. Lease rates are expected to remain steady for high tech space and rise slightly for manufacturing and warehousing. Sales prices will likely rise a little more than rental rates.

MARKET DATA

TOTAL INVENTORY
Central City: 400,000,000
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Cos., Owner Financing
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$10.00-$300.00	$8.00-$50.00	$8.00-$40.00	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$40.00-$150.00	n/a	$10.00-$15.00	n/a	$45.00-$75.00	Balanced Market
5,000 to 19,999	$35.00-$100.00	n/a	$5.00-$15.00	n/a	$45.00-$60.00	Balanced Market
20,000 to 39,999	$35.00-$75.00	n/a	$5.00-$15.00	n/a	$45.00-$60.00	Balanced Market
40,000 to 59,999	$35.00-$65.00	n/a	$5.00-$15.00	n/a	$45.00-$60.00	Balanced Market
60,000 to 99,999	$35.00-$60.00	n/a	$5.00-$12.00	n/a	$45.00-$60.00	Balanced Market
MORE THAN 100,000	$30.00-$55.00	n/a	$5.00-$10.00	n/a	$50.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply

NEW YORK-BROOKLYN AND QUEENS: INDUSTRIAL

Market Area: Brooklyn and Queens

MARKET DATA

TOTAL INVENTORY
Central City: 330,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 42,000,000 sq.ft.(12.7%)
Suburban: n/a

NET ABSORPTION
Central City: 8,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The general economy appeared to be in a holding pattern. Demand for industrial property in 1988 was reasonably good, but there was a substantially diminished level of overall economic activity. The vacancy rate for warehouse and manufacturing facilities hovered near 13 percent during 1988 while construction activity was noticeably below the 1987 level. There was considerable purchasing and renovation of older multistory industrial buildings for use in "back office" activities.

1989 FORECAST

The general level of economic activity and property values are both likely to weaken in 1989. Sales prices are expected to decline slightly. Lease rates may drop several percentage points depending upon the type of property.

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 11-15%

LEASE PRICES
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

SITE PRICES
n/a

ABSORPTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 11-15%

CONSTRUCTION
Manufacturing: Down 11-15%
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Down 50%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	30%	5%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Down 6-10%	Down 90%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$30.00-$60.00	$15.00-$30.00	$10.00-$20.00	$8.00-$15.00	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$80.00-$100.00	n/a	$7.00-$8.50	n/a	$60.00	Moderate Shortage
5,000 to 19,999	$70.00-$90.00	n/a	$6.50-$8.00	n/a	$60.00	Balanced Market
20,000 to 39,999	$60.00-$85.00	n/a	$6.00-$7.50	n/a	$55.00	Balanced Market
40,000 to 59,999	$40.00-$65.00	n/a	$5.50-$6.50	n/a	$55.00	Moderate Oversupply
60,000 to 99,999	$35.00-$50.00	n/a	$5.00-$6.50	n/a	$50.00	Substantial Oversupply
MORE THAN 100,000	$35.00-$60.00	n/a	$3.50-$6.00	n/a	$100.00	Substantial Oversupply
HIGH TECH/R & D	$80.00-$120.00	n/a	$8.00-$11.00	n/a	$150.00	Balanced Market

NEW YORK-NASSAU/SUFFOLK: INDUSTRIAL

Market Area: Nassau and Suffolk Counties

1988 REVIEW

The Nassau-Suffolk market is a suburban area for New York City. Industry and businesses continued to relocate out of the area, moving to locations with lower labor costs and lower electric rates. As a result, the demand for industrial lease space decreased by 60 to 70 percent, and the vacancy rate increased somewhat to approximately 12 percent. Industrial sale properties were still supported by a relatively sound demand by purchasers.

1989 FORECAST

The oversupply of industrial space greater than 20,000 square feet is expected to increase during the year, as more firms relocate to areas outside of the Nassau-Suffolk market. This will result in a decline in net absorption, and a decrease in leasing and sales activity.

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 231,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 28,000,000 sq.ft.(12.1%)

NET ABSORPTION
Central City: n/a
Suburban: 8,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	30%	30%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 11-15%	Down 11-15%
DOLLAR VOLUME – SALES**	Down 1-5%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – LEASES**	Down 1-5%	Down 6-10%	Down 6-10%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$7.00-$15.00	$5.00-$9.00	$5.00-$9.00	$4.00-$8.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$85.00-$100.00	n/a	$7.50-$9.00	$75.00-$85.00	Balanced Market
5,000 to 19,999	n/a	$75.00-$80.00	n/a	$6.50-$7.50	$60.00-$70.00	Balanced Market
20,000 to 39,999	n/a	$55.00-$60.00	n/a	$6.00-$7.00	$50.00-$60.00	Moderate Oversupply
40,000 to 59,999	n/a	$50.00-$60.00	n/a	$5.00-$6.50	$50.00-$60.00	Moderate Oversupply
60,000 to 99,999	n/a	$45.00-$52.00	n/a	$5.00-$6.50	$50.00-$55.00	Substantial Oversupply
MORE THAN 100,000	n/a	$45.00-$50.00	n/a	$4.75-$6.00	$50.00-$55.00	Substantial Oversupply
HIGH TECH/R & D	n/a	$75.00-$125.00	n/a	$7.00-$12.00	$75.00-$150.00	Balanced Market

NEW YORK-ROCKLAND/WESTCHESTER COUNTIES: INDUSTRIAL

Market Area: New York City Suburbs-Rockland and Westchester Counties

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 33,800,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,850,000 sq.ft.(5.5%)

NET ABSORPTION
Central City: n/a
Suburban: 350,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 200,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The economy was very strong with an unemployment rate of less than three percent and a substantial shortage of affordable housing. Most available land was absorbed and new industrial developments moved further out into the suburban areas. The State tax on real estate profits contributed to owners unwillingness to sell. There was strong demand for purchase of good quality industrial buildings of all sizes from both users and investors. Interest in leasing was moderate for buildings with less than 50,000 square feet of space and much less for larger sized structures. The vacancy rate was 5.5 percent; 75 percent of the absorbed space was for warehousing and distribution use and manufacturing claimed another 20 percent.

1989 FORECAST

In general, 1989 is not expected to be much different from 1988. However, overall construction activity will be down somewhat; speculative development should continue in Rockland County but there will little new development in Westchester County due to the lack of suitable sites.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 11-15%	Down 6-10%
DOLLAR VOLUME – SALES**	Same	Down 1-5%	Same
DOLLAR VOLUME – LEASES**	Same	Down 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	$5.00-$20.00	$4.00-$12.00	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$100.00	n/a	$10.00	$75.00	Substantial Shortage
5,000 to 19,999	n/a	$80.00	n/a	$8.00	$65.00	Substantial Shortage
20,000 to 39,999	n/a	$75.00	n/a	$7.50	$60.00	Substantial Shortage
40,000 to 59,999	n/a	$70.00	n/a	$7.00	$55.00	Moderate Shortage
60,000 to 99,999	n/a	$67.00	n/a	$6.75	$50.00	Moderate Shortage
MORE THAN 100,000	n/a	$65.00	n/a	$6.50	$45.00	Substantial Shortage
HIGH TECH/R & D	n/a	$100.00	n/a	$14.00	$95.00	Balanced Market

NORFOLK/VIRGINIA BEACH/CHESAPEAKE: INDUSTRIAL

Market Area: Norfolk, Chesapeake and Virginia Beach

1988 REVIEW

The Norfolk/Chesapeake/Virginia Beach industrial market is centered around manufacturing. The economy was previously based on the ports and the military activity in the area. Recently, foreign manufacturers moved into the market, diversifying the local economy even more. "Support" vendors for these manufacturers moved into the region as well, and further strengthened the economy. Demand was for existing product with highway access, proximate to the military bases.

1989 FORECAST

Strong Japanese manufacturing investment in the region is expected to continue, and the resulting "support" vendors' need for space will follow. This, coupled with the military presence and ongoing interstate/tunnel activity indicates a strong demand for 1989. New speculative development will be based on market response to an increase in rental rates caused by the shortage of low cost industrial land.

DEMOGRAPHICS

POPULATION: 1,332,700
RANK BY POPULATION: 34
POPULATION GROWTH RATE: 1.43%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $28,332
RANK BY INCOME: 66
COST OF LIVING INDEX: 104
RANK BY COST OF LIVING: 29

MARKET DATA

TOTAL INVENTORY
Central City: 31,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 2,170,000 sq.ft.(7.0%)
Suburban: n/a

NET ABSORPTION
Central City: 550,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 25%
Warehouse/Distribution: Up 25%
High Tech/R & D: Up 10%

SITE PRICES
Up 25%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	25%	25%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 11-15%	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00-$4.00	$1.25-$3.00	$1.50-$2.25	$1.50-$2.00	$0.75	$0.50	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$50.00	n/a	$4.00-$6.00	n/a	$35.00-$40.00	Substantial Shortage
5,000 to 19,999	$25.00-$50.00	n/a	$4.00-$6.00	n/a	$35.00	Substantial Shortage
20,000 to 39,999	$20.00-$40.00	n/a	$3.00-$5.00	n/a	$30.00	Moderate Shortage
40,000 to 59,999	$20.00-$40.00	n/a	$3.00-$4.50	n/a	$25.00-$30.00	Moderate Shortage
60,000 to 99,999	$15.00-$40.00	n/a	n/a	n/a	$20.00-$30.00	Moderate Shortage
MORE THAN 100,000	$15.00-$30.00	n/a	n/a	n/a	$18.00-$25.00	Balanced Market
HIGH TECH/R & D	$50.00-$60.00	n/a	$5.00-$11.00	n/a	$40.00	Balanced Market

OAKLAND: INDUSTRIAL

Market Area: Oakland, East Bay Cities, Hayward, and Union City

DEMOGRAPHICS

POPULATION: 1,990,700
RANK BY POPULATION: 20
POPULATION GROWTH RATE: 1.81%
UNEMPLOYMENT RATE: 3.7%
MEDIAN HOUSEHOLD INCOME: $32,392
RANK BY INCOME: 21
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 46,632,000 sq.ft.
Suburban: 65,465,000 sq.ft.

VACANT INVENTORY
Central City: 11,375,187 sq.ft.(24.4%)
Suburban: 7,362,461 sq.ft.(11.3%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 65,000 sq.ft.
Suburban: 1,525,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

The Oakland economy remained solid in 1988, due to its diversity. Expansion of the biotech industry and northbound growth from the Silicon Valley high tech industry benefitted Oakland's industrial sector.

Most industrial property categories were considered moderately oversupplied. Consequently 1988 vacancy rates ranged from 11.3 in the suburbs to 24.4 in the central city.

1989 FORECAST

In 1989, speculative development should be lower than expected in warehousing and distribution space, due to uncertainty by the railroads. However, research and development space should increase cautiously after better absorption in 1988.

Overall demand will keep pace with 1988. Warehouse/distribution will keep its percentage lead over manufacturing and high tech activity, however, high tech will increase activity by a higher percentage.

Currently in the Oakland area, older, central city, manufacturing facilities are being converted into higher-use facilities, such as research and development, sales, or office services buildings. This trend will continue to push warehouse/distribution and manufacturing into other areas including Solano, Contra Costa County, Hayward and Livermore.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 6-10%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	25%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Same	Down 30%
DOLLAR VOLUME - SALES**	Up 1-5%	Same	Down 6-10%
DOLLAR VOLUME - LEASES**	Up 1-5%	Same	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$8.00	$7.50	$6.50	$5.50	n/a	n/a	n/a
SUBURBAN	$6.50	$6.00	$5.50	$4.75	$4.50	$3.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$55.00	$65.00	$5.40	$5.40	$40.00	Moderate Oversupply
5,000 to 19,999	$47.00	$50.00	$4.56	$4.56	$36.00	Moderate Oversupply
20,000 to 39,999	$38.00	$45.00	$3.84	$3.84	$32.00	Balanced Market
40,000 to 59,999	$33.00	$41.00	$3.60	$3.60	$32.00	Moderate Oversupply
60,000 to 99,999	$28.00	$28.00	$3.60	$3.60	$30.00	Moderate Oversupply
MORE THAN 100,000	$22.00	$22.00	$3.24	$3.24	$28.00	Balanced Market
HIGH TECH/R & D	$40.00	$40.00	$7.20	$7.20	$60.00	Moderate Oversupply

OKLAHOMA CITY: INDUSTRIAL

Market Area: Oklahoma City Metropolitan Area

1988 REVIEW

The Oklahoma City economy improved during 1988 after being in a recession for the three preceding years. Lease prices have firmed and sales prices of buildings are on the rise. The Oklahoma City area had a 5.2 percent unemployment rate at the end of the year had a net gain of approximately 10,000 jobs. The demand for distribution and warehouse space increased dramatically with many major leases and sales consummated. With a suburban vacancy rate of 10.3 percent and a central city rate of over 28 percent, there appears to be ample space still available for future growth. Absorption in 1988 was fairly well balanced; 60 percent was for warehousing and distribution, 20 percent for manufacturing, and 20 percent for high tech.

1989 FORECAST

1989 should be a good year for industrial real estate with gradual improvement on all fronts. Local companies are starting to expand and new ones are relocating to the area. There will be some build-to-suit projects but very little speculative activity.

DEMOGRAPHICS

POPULATION: 975,700
RANK BY POPULATION: 46
POPULATION GROWTH RATE: 0.22%
UNEMPLOYMENT RATE: 5.1%
MEDIAN HOUSEHOLD INCOME: $26,061
RANK BY INCOME: 143
COST OF LIVING INDEX: 93.8
RANK BY COST OF LIVING: 67

MARKET DATA

TOTAL INVENTORY
Central City: 1,420,000 sq.ft.
Suburban: 60,000,000 sq.ft.

VACANT INVENTORY
Central City: 400,000 sq.ft.(28.2%)
Suburban: 6,200,000 sq.ft.(10.3%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 240,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	20%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.00-$3.00	$0.90-$1.75	$0.50-$1.25	$0.40-$0.75	$0.40-$0.70	$0.35-$0.75	$0.30-$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$20.00-$40.00	n/a	$4.00-$6.00	$27.00	Balanced Market
5,000 to 19,999	n/a	$20.00-$30.00	n/a	$3.00-$5.50	$20.00	Balanced Market
20,000 to 39,999	n/a	$16.00-$25.00	n/a	$2.00-$2.75	$18.00	Balanced Market
40,000 to 59,999	n/a	$15.00-$20.00	n/a	$1.75-$2.30	$17.00	Balanced Market
60,000 to 99,999	n/a	$14.00-$18.00	n/a	$1.75-$2.50	$17.00	Moderate Shortage
MORE THAN 100,000	n/a	$13.00-$16.00	n/a	$1.50-$2.25	$17.00	Moderate Shortage
HIGH TECH/R & D	n/a	$22.00-$40.00	n/a	$5.00-$8.00	$35.00	Moderate Oversupply

OMAHA: INDUSTRIAL

Market Area: Omaha Metropolitan Area including the Southwest and West Industrial Park Areas

DEMOGRAPHICS

POPULATION: 615,000
RANK BY POPULATION: 75
POPULATION GROWTH RATE: 0.12%
UNEMPLOYMENT RATE: 3.8%
MEDIAN HOUSEHOLD INCOME: $28,231
RANK BY INCOME: 70
COST OF LIVING INDEX: 94.7
RANK BY COST OF LIVING: 63

MARKET DATA

TOTAL INVENTORY
Central City: 5,850,000 sq.ft.
Suburban: 6,916,000 sq.ft.

VACANT INVENTORY
Central City: 311,000 sq.ft.(5.3%)
Suburban: 1,310,000 sq.ft.(18.9%)

NET ABSORPTION
Central City: 720,000 sq.ft.
Suburban: 605,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 520,000 sq.ft.
Suburban: 150,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks, State LB-775
Industrial Boards, Owner Financing

1988 REVIEW

Demand for industrial space in 1988 was above normal due to local downtown developmentp. Conversely, the continued problems in the agricultural market reduced the demand for farm-related distribution warehouses.

During the year a total of 1,325,000 square feet of industrial space was absorbed throughout the area, with 70 percent for distribution uses. High tech/R & D space accounted for 20 percent of the space used, while 10 percent was manufacturing.

Small spaces were in very short supply in 1988, while high tech space saw a moderate shortage. Only spaces over 100,000 square feet were oversupplied.

1989 FORECAST

Activity in the industrial market has been improving since last year, and with inventories of small and medium size buildings at historically low levels, a strong market is foreseen by SIOR respondents. A major contributor to the strength will be a state tax incentive program which is encouraging business development in Nebraska.

The improved market will translate into higher sales and lease prices, especially for high tech space where both should increase six to 10 percent this year. Other industrial real estate prices will increase modestly.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	10%	20%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 11-15%	Same
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 11-15%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.85-$2.00	$1.60-$1.80	$1.10-$1.20	$0.80-$1.00	$0.50-$0.60	n/a	n/a
SUBURBAN	$1.90-$2.50	$1.65-$1.90	$1.35-$1.60	$1.00-$1.25	$0.50-$0.60	$0.40-$0.45	$0.25-$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$31.00-$34.00	$32.00-$36.00	$2.75-$2.85	$3.35-$3.60	$30.00-$35.00	Substantial Shortage
5,000 to 19,999	$20.00-$26.00	$26.00-$30.00	$2.50-$2.60	$2.75-$3.90	$20.00-$25.00	Substantial Shortage
20,000 to 39,999	$18.00-$22.00	$22.00-$25.00	$2.10-$2.35	$2.55-$2.75	$18.00-$20.00	Balanced Market
40,000 to 59,999	$16.00-$18.00	$17.00-$22.00	$2.10-$2.30	$2.25-$2.50	$16.00-$18.00	Balanced Market
60,000 to 99,999	$14.00-$16.00	$16.00-$18.00	$2.00-$2.20	$2.10-$2.30	$14.00-$16.00	Balanced Market
MORE THAN 100,000	$10.00-$14.00	$13.00-$16.00	$1.80-$2.00	$1.80-$2.25	$13.00-$15.00	Moderate Oversupply
HIGH TECH/R & D	$32.00-$36.00	$36.00-$40.00	$3.75-$4.25	$4.25-$5.00	$35.00-$37.00	Moderate Shortage

DEMOGRAPHICS

POPULATION: 950,400
RANK BY POPULATION: 52
POPULATION GROWTH RATE: 3.36%
UNEMPLOYMENT RATE: 4.9%
MEDIAN HOUSEHOLD INCOME: $26,850
RANK BY INCOME: 126
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 40,500,000 sq.ft.
Suburban: 3,500,000 sq.ft.

VACANT INVENTORY
Central City: 2,835,000 sq.ft.(7.0%)
Suburban: 245,000 sq.ft.(7.0%)

NET ABSORPTION
Central City: 250,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 550,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

ORLANDO: INDUSTRIAL

Market Area: Orlando Metropolitan Area

1988 REVIEW

The Orlando economy continued its strong performance in 1988, with a low and falling unemployment rate and an increasingly diversified economy. A major element of the diversification is the increasing presence of the television/movie production industry.

Approximately 250,000 square feet of industrial space was absorbed in 1988 and vacancies were seven percent.

Warehousing and distribution properties accounted for 70 percent of the net absorption. Only five percent of the industrial absorption in Orlando was manufacturing space.

1989 FORECAST

SIOR respondents expect a softer market in 1989. Warehouse space is expected to have absorption similar to 1988, but with a slight increase in construction. Manufacturing absorption and construction are expected to be significantly weaker.

OUTLOOK

SALES PRICES
Manufacturing: Down 20-25%
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Down 20-25%
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 20-25%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	5%	25%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 20-25%	Down 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Down 20-25%	Same
DOLLAR VOLUME – LEASES**	Same	Same	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50-$3.00	$2.50-$3.00	$2.25-$2.75	$2.00	n/a	$1.50	n/a
SUBURBAN	$1.75-$2.00	$1.75-$2.00	$1.75-$2.00	$1.75	$1.00-$1.25	$0.50	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	$4.75	$4.25	$30.00	Substantial Oversupply
5,000 to 19,999	n/a	n/a	$3.25	$3.15	$25.00	Moderate Shortage
20,000 to 39,999	$28.00-$29.00	n/a	$3.15	$2.85	$20.00	Moderate Shortage
40,000 to 59,999	$25.00-$27.00	n/a	$3.15	$2.85	$18.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	$2.75	$2.70	$16.00	Moderate Shortage
MORE THAN 100,000	n/a	n/a	$2.75	$2.50	$15.00	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	$8.50	$8.50	$39.00	Moderate Oversupply

PHILADELPHIA: INDUSTRIAL

Market Area: Philadelphia, Bucks, Montgomery, Chester and Delaware Counties

DEMOGRAPHICS

POPULATION: 4,891,000
RANK BY POPULATION: 4
POPULATION GROWTH RATE: 0.89%
UNEMPLOYMENT RATE: 3.4%
MEDIAN HOUSEHOLD INCOME: $27,910
RANK BY INCOME: 81
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

Demand was well matched to the supply of warehouse and distribution space, from a leasing prospective. However, there was a general lack of product available for sale. Demand for manufacturing space increased with the resurgence of the manufacturing industry and increase in foreign trade. Larger manufacturing facilities previously vacant prior to 1988, began to be used once again.

Pension funds and institutional investors have been actively seeking to purchase and invest in industrial properties in the Philadelphia area. Unfortunately, there has been limited product available to meet this demand, and the dollar volume of sales decreased from 1987 to 1988.

Construction of warehouse and high tech space was greater in 1988 than in 1987, while manufacturing remained the same. The dollar volume of leases increased for all industrial property types.

1989 FORECAST

Speculative development should remain just as active in 1989. Developers are opting to purchase already improved sites for industrial development, rather than purchasing raw land. Thus, industrial parks should continue to attract developers and tenants.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME – SALES**	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$1.25-$2.00	$1.00-$1.50	$1.00-$1.25	$0.75-$1.00	$1.00-$1.25	$0.75-$1.00	n/a
SUBURBAN	$2.50-$3.75	$2.00-$3.75	$2.00-$3.00	$1.50-$2.25	$1.25-$1.75	$1.00-$1.50	$0.75-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$30.00-$32.00	$35.00-$40.00	$4.50-$5.00	$6.00-$7.25	$45.00	Balanced Market
5,000 to 19,999	$24.00-$30.00	$32.00-$40.00	$3.75-$4.50	$5.00-$6.50	$40.00	Substantial Shortage
20,000 to 39,999	$22.00-$26.00	$20.00-$35.00	$3.25-$4.50	$4.00-$5.00	$34.00	Moderate Shortage
40,000 to 59,999	$20.00-$24.00	$26.00-$32.00	$2.75-$3.50	$3.50-$5.25	$31.00	Moderate Shortage
60,000 to 99,999	$19.00-$21.00	$25.00-$32.00	$2.75-$3.50	$3.50-$4.25	$27.00	Moderate Shortage
MORE THAN 100,000	$17.00-$21.00	$25.00-$28.00	$2.50-$3.25	$3.25-$4.25	$25.00	Balanced Market
HIGH TECH/R & D	n/a	$55.00-$60.00	n/a	$9.00-$12.00	$58.00	Moderate Oversupply

PHOENIX: INDUSTRIAL

Market Area: Phoenix Metropolitan Area

1988 REVIEW

Demand for industrial real estate slowed in 1988, leases were still being made but at reduced rates. The overall vacancy rate was 17 percent with high tech facilities being substantially oversupplied. Property sales fell significantly. User relocations and plant expansions were active, especially in the leasing arena. Net absorption was non-existent or even negative. Warehousing and distribution accounted for 42 percent of the space leased while manufacturing accounted for 55 percent. There is little backfilling of passed over properties due to the glut of space available and the lack of available financing. Some foreign investment occurred by way of joint ventures. There was some activity in large distribution facilities, but activity in the other sectors slowed significantly.

1989 FORECAST

The 1988 economy in Phoenix was flat and most local economists are predicting 1989 will see very little improvement. The volume of leases written will likely rise somewhat but virtually all other indicators will either remain the same or decline.

DEMOGRAPHICS

POPULATION: 1,997,600
RANK BY POPULATION: 19
POPULATION GROWTH RATE: 2.10%
UNEMPLOYMENT RATE: 5.5%
MEDIAN HOUSEHOLD INCOME: $28,057
RANK BY INCOME: 76
COST OF LIVING INDEX: 106.3
RANK BY COST OF LIVING: 20

MARKET DATA

TOTAL INVENTORY
Central City &
Suburban: 108,000,000 sq.ft.

VACANT INVENTORY
Central City &
Suburban: 18,360,000 sq.ft.(17.0%)

NET ABSORPTION
Central City &
Suburban: n/a

CURRENT CONSTRUCTION
Central City &
Suburban: 1,700,000 sq.ft.

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Owner Financing, Offshore Financing

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 11-15%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 11-15%

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	42%	55%	3%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Down 1-5%	Down 11-15%
DOLLAR VOLUME – SALES**	Down 11-15%	Down 20%	Down 50%
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$4.50-$5.00	$3.75-$4.00	$3.50-$4.25	$3.00-$3.50	n/a	n/a	n/a
SUBURBAN	$2.50-$3.50	$2.00-$3.00	$1.50-$2.50	$1.00-$2.00	$1.50-$2.50	$0.50-$1.50	$0.20-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$50.00-$60.00	n/a	$4.85-$7.55	n/a	$25.00-$30.00	Substantial Shortage
5,000 to 19,999	$37.00-$45.00	n/a	$3.60-$4.85	n/a	$18.00-$25.00	Moderate Oversupply
20,000 to 39,999	$27.00-$37.00	n/a	$2.70-$3.60	n/a	$12.00-$18.00	Moderate Oversupply
40,000 to 59,999	$22.00-$27.00	n/a	$2.25-$2.70	n/a	$12.00-$16.00	Moderate Oversupply
60,000 to 99,999	$20.00-$25.00	n/a	$2.00-$2.25	n/a	$11.00-$15.00	Balanced Market
MORE THAN 100,000	$20.00-$25.00	n/a	$2.00-$2.25	n/a	$11.00-$15.00	Balanced Market
HIGH TECH/R & D	$40.00	n/a	$3.00-$5.50	n/a	$50.00-$125.00	Substantial Oversupply

PITTSBURGH: INDUSTRIAL

Market Area: Pittsburgh Metropolitan Area including Beaver, Butler, Washington, and Westmoreland Counties

DEMOGRAPHICS

POPULATION: 2,106,500
RANK BY POPULATION: 18
POPULATION GROWTH RATE: -0.32%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $25,576
RANK BY INCOME: 168
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

In order to overcome the precipitous decline of the steel industry, Pittsburgh had to diversify its economy. Growth of high tech industries was prompted by several large corporations and educational institutions in the city. The boost in the real estate market was helped by the diversification of the industrial sector, which facilitated the development of several new industrial parks. The private and public sector is working together to attract new business and development to the Pittsburgh area.

1989 FORECAST

The SIOR respondents in Pittsburgh expect the upswing in the economy to continue. High tech properties are predicted to lease more slowly than the balance of the industrial market which will cause a decrease in absorption. Warehouse/distribution construction is expected to decrease somewhat. Sales prices and lease rates should be relatively stable, increasing only one to five percent over the next twelve months.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	30%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 00 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	n/a	$5.30	$35.00	Balanced Market
5,000 to 19,999	n/a	n/a	n/a	$5.00	$32.00	Moderate Oversupply
20,000 to 39,999	n/a	n/a	n/a	$4.90	$30.00	Moderate Shortage
40,000 to 59,999	n/a	n/a	n/a	$4.70	$23.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	n/a	$4.20	$25.00	Moderate Shortage
MORE THAN 100,000	n/a	n/a	n/a	$4.00	$22.00	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	$8.00	$55.00	Moderate Shortage

DEMOGRAPHICS

POPULATION: 232,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.90%
UNEMPLOYMENT RATE: 1.8%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 600,000 sq.ft.
Suburban: 4,200,000 sq.ft.

VACANT INVENTORY
Central City: 55,000 sq.ft.(9.2%)
Suburban: 220,000 sq.ft.(5.2%)

NET ABSORPTION
Central City: 40,000 sq.ft.
Suburban: 250,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 219,500 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

PORTLAND,ME: INDUSTRIAL

Market Area: Portland Metropolitan Area

1988 REVIEW

Because Portland is the center of cultural and economic activity in Maine and also within easy driving distance to affluent parts of southern New England, it had a well-diversified economy. Twenty nine percent of the economic activity related to trade, 24 percent to services, and nine percent to finance. Since 1983, economic and employment growth rates have been among the highest in the nation. There was some inflow of light manufacturing and bio-tech firms from out of state but 90 percent of the additional demand for industrial space was from local firm expansions. Of the absorbed space in 1988, approximately 80 percent was for warehousing and distribution, 10 percent for manufacturing, and 10 percent for high tech. Real estate activity started to level off in mid-1988 and earlier robust construction activity combined to yield a vacancy rate of nearly six percent.

1989 FORECAST

The slowing of economic activity will likely result in a decline between one and five percent of construction activity in 1989.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	10%	10%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Same	Down 1-5%
DOLLAR VOLUME – SALES**	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME – LEASES**	Same	Same	Down 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$2.50	$2.25	$2.00	$2.00	$1.00	$0.75	$0.50
SUBURBAN	$1.75	$1.75	$1.50	$1.00	$0.60	$0.50	$0.40

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$70.00	$60.00	$5.50	$5.50	$45.00	Moderate Shortage
5,000 to 19,999	$40.00	$40.00	$4.75	$4.75	$35.00	Balanced Market
20,000 to 39,999	$35.00	$35.00	$4.50	$4.50	$28.00	Moderate Oversupply
40,000 to 59,999	$30.00	$35.00	$4.25	$4.25	$28.00	Moderate Oversupply
60,000 to 99,999	$28.00	$28.00	$4.25	$4.25	$26.00	Balanced Market
MORE THAN 100,000	$28.00	$28.00	$4.00	$4.00	$24.00	Balanced Market
HIGH TECH/R & D	$70.00	$70.00	$9.00	$8.00	$60.00	Moderate Oversupply

PORTLAND, OR: INDUSTRIAL

Market Area: Portland Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,157,500
RANK BY POPULATION: 41
POPULATION GROWTH RATE: 1.36%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $25,548
RANK BY INCOME: 169
COST OF LIVING INDEX: 103.8
RANK BY COST OF LIVING:30

MARKET DATA

TOTAL INVENTORY
Central City: 75,000,000 sq.ft.
Suburban: 25,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: 1,800,000 sq.ft.
Suburban: 1,500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,000,000 sq.ft.
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Pension Funds

1988 REVIEW

The industrial real estate market was quite strong during 1988. Sale prices reportedly rose between six and 10 percent for warehousing facilities while manufacturing and high tech advanced at a slightly lower rate. The rate of construction activity for both warehousing and manufacturing rose between 11 and 15 percent above the previous year. There was a moderate oversupply of high tech space but a shortage of traditional space; specifically, there was a slight shortage of facilities containing less than 40,000 square feet of space and a substantial shortage of facilities in the 40,000 to over 100,000 square foot range. Of the estimated 3.3 million square feet of net absorbed space last year, approximately 50 percent was for warehousing and distribution purposes, 40 percent was for manufacturing activity, while high tech accounted for the remaining 10 percent of the activity.

1989 FORECAST

1989 is expected to be another good year for industrial real estate in the area. Lease prices for manufacturing and warehouse/distribution space will likely rise between six and 10 percent, but high tech rates may weaken some. Sale prices for sites will also rise between six and 10 percent while prices for existing facilities will rise at a slightly lower rate.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 6-10%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	40%	10%
RATE OF NEW CONSTRUCTION**	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	$4.00	$4.00	$4.00	$4.00	$3.00	$3.00	$3.00
SUBURBAN	$5.00	$4.00	$3.00	$3.00	$2.00	$2.00	$1.50

PROFILE OF BUILDING BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$30.00	$32.00	$3.60	$3.60	$25.00	Moderate Shortage
5,000 to 19,999	$25.00	$30.00	$3.36	$3.60	$25.00	Moderate Shortage
20,000 to 39,999	$25.00	$30.00	$3.00	$3.25	$22.00	Moderate Shortage
40,000 to 59,999	$25.00	$30.00	$3.00	$3.25	$22.00	Substantial Shortage
60,000 to 99,999	$25.00	$30.00	$2.76	$2.76	$20.00	Substantial Shortage
MORE THAN 100,000	$25.00	$30.00	$2.50	$2.50	$20.00	Substantial Shortage
HIGH TECH/R & D	$25.00	$30.00	n/a	$6.60	$30.00	Moderate Oversupply

QUAD CITIES: INDUSTRIAL

Market Area: Bettendorf and Davenport, Iowa; East Moline, Moline, and Rock Island, Illinois

DEMOGRAPHICS

POPULATION: 373,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.10%
UNEMPLOYMENT RATE: 7.3%
MEDIAN HOUSEHOLD INCOME: $27,845
RANK BY INCOME: 81
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City & Suburban: 35,000,000 sq.ft.

VACANT INVENTORY
Central City & Suburban: 7,000,000 sq.ft. (20.0%)

NET ABSORPTION
Central City & Suburban 500,000 sq.ft.

CURRENT CONSTRUCTION
Central City & Suburban: 150,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The Quad Cities economy has a high concentration of heavy construction and farm equipment manufacturers and in past years has struggled with the slump in the farm economy and competition from foreign heavy-equipment manufacturers. But 1988 was a much better year for industrial real estate, especially for warehousing and distribution facilities. Some local companies expanded their facilities and a few relocated from other areas. After several years of low rents and very little construction, shortages of space were noticed. Facilities with space of 10,000 to 80,000 square feet were in moderately short supply. A major portion of the vacancies were comprised of three facilities each of which contain more than 1.5 million square feet of space. This resulted in an overall vacancy rate of 20 percent. Of the 500,000 square feet of space absorbed in 1988, 75 percent was used for warehousing and distribution while 25 percent was used for manufacturing.

1989 FORECAST

Construction activity will be modest due to the still low rental rates. But absorption and lease rates should rise slightly in 1989 while sale prices remain stable.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	n/a
RATE OF NEW CONSTRUCTION**	Up 1-5%	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Same	Same
DOLLAR VOLUME – LEASES**	Up 11-15%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.00	$1.75	$1.25	$0.40	$0.20	$0.14
SUBURBAN	$2.50	$2.00	$1.75	$1.25	$0.40	$0.20	$0.14

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$21.00	$21.00	$3.50	$3.50	$35.00	Substantial Shortage
5,000 to 19,999	$20.00	$20.00	$2.00	$2.00	$30.00	Substantial Shortage
20,000 to 39,999	$17.00	$17.00	$2.00	$2.00	$28.00	Moderate Shortage
40,000 to 59,999	$14.00	$14.00	$1.80	$1.80	$24.00	Substantial Shortage
60,000 to 99,999	$12.00	$12.00	$1.80	$1.80	$21.00	Moderate Shortage
MORE THAN 100,000	$11.00	$11.00	$1.75	$1.75	$19.00	Substantial Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Substantial Shortage

RALEIGH: INDUSTRIAL

Market Area: Raleigh Metropolitan Area including Wake County

1988 REVIEW

The Research Triangle area economy continued its modest, but steady growth during the 1980s without heavy speculative development. The demand for industrial space was sporadic in 1988. A major $600 million RJR Nabisco cookie factory clouded overriding modest growth characteristics.

Most industrial properties maintained a balanced vacancy situation in 1988. However, high tech space and properties from 40,000 to 60,000 square feet were substantially oversupplied.

1989 FORECAST

Construction should maintain 1988 levels, while absorption in all types of industrial facilities is expected to increase between one and 10 percent. All sales prices and the lease prices for manufacturing should rise one to five percent. The remaining lease prices and site prices will maintain at 1988 levels.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 6-10%

DEMOGRAPHICS

POPULATION: 665,500
RANK BY POPULATION: 67
POPULATION GROWTH RATE: 2.01%
UNEMPLOYMENT RATE: 2.1%
MEDIAN HOUSEHOLD INCOME: $28,931
RANK BY INCOME: 54
COST OF LIVING INDEX: 101.5
RANK BY COST OF LIVING: 38

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	35%	20%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Same	Down 11-15%
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$4.00	$3.25	$3.00	$2.25	n/a	n/a	n/a
SUBURBAN	$2.00-$3.50	$1.00-$2.50	$1.00-$2.25	$1.00-$2.00	$1.00-$2.00	$1.00-$1.75	$0.75-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area areNET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00-$35.00	$25.00-$35.00	$3.75	$6.00	$30.00	Moderate Shortage
5,000 to 19,999	$25.00-$35.00	$25.00-$35.00	$3.25	$4.00-$5.00	$20.00-$35.00	Balanced Market
20,000 to 39,999	$20.00-$30.00	$22.00-$32.00	$3.00	$3.50-$4.50	$17.00-$20.00	Balanced Market
40,000 to 59,999	$20.00-$25.00	$20.00-$30.00	n/a	$1.75-$2.75	$15.00-$17.00	Substantial Oversupply
60,000 to 99,999	n/a	$20.00	n/a	$1.75-$2.75	$13.00-$15.00	Balanced Market
MORE THAN 100,000	n/a	$18.00	n/a	$1.60-$2.10	$12.00-$15.00	Balanced Market
HIGH TECH/R & D	n/a	$40.00	n/a	$6.00-$9.00	$25.00-$40.00	Substantial Oversupply

RENO: INDUSTRIAL

Market Area: Reno Metropolitan Area including Sparks and north to Renostead, Nevada

1988 REVIEW

The Reno-Sparks area is an excellent distribution hub for the western United States, located within one day's motor freight shipping time from Los Angeles. Demand for industrial space was generated from distributors expanding within the market area as well as those relocating from outside the region. Overall demand was good until mid-year, then weakened somewhat as the Presidential election neared. The growth of the mining industry helped to maintain the economy. Industrial activity was concentrated in warehouse and distribution facilities, which accounted for 80 percent of the nearly one million square feet that was absorbed during the year.

1989 FORECAST

New speculative construction will add between 750,000 and 1.5 million square feet to the industrial supply during 1989. Real estate projects used for product distribution and light industry in the Reno area will continue to do well because of the geographic proximity to California. The future looks promising for Reno's industrial real estate market.

DEMOGRAPHICS

POPULATION: 238,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $26,574
RANK BY INCOME: 127
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 23,362,200 sq.ft.
Suburban: 3,437,800 sq.ft.

VACANT INVENTORY
Central City: 1,390,000 sq.ft.(5.9%)
Suburban: 110,000 sq.ft.(3.2%)

NET ABSORPTION
Central City: 925,000 sq.ft.
Suburban: 75,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 199,000 sq.ft.
Suburban: 277,800 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	19%	1%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00-$4.00	$1.85-$2.75	$1.75-$2.35	$1.50-$2.10	$1.50-$2.75	$1.00-$1.50	$0.50-$1.00
SUBURBAN	$1.50-$2.50	$1.25-$1.75	$1.00-$1.60	$0.75-$1.25	$0.50-$1.25	$0.25-$0.75	$0.25-$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00-$55.00	$24.00-$44.00	$4.20-$9.00	$3.60-$4.80	$30.00 +	Moderate Shortage
5,000 to 19,999	$25.00-$40.00	$19.00-$35.00	$3.00-$3.96	$2.55-$3.36	$20.00-$22.00	Balanced Market
20,000 to 39,999	$20.00-$35.00	$17.00-$30.00	$2.64-$3.24	$2.24-$2.76	$18.00-$22.00	Moderate Shortage
40,000 to 59,999	$20.00-$26.00	$17.00-$25.00	$2.52-$3.00	$2.14-$2.76	$18.00-$22.00	Balanced Market
60,000 to 99,999	$19.00-$24.00	$17.00-$22.00	$2.40-$2.88	$2.04-$2.64	$16.00-$18.00	Balanced Market
MORE THAN 100,000	$18.00-$22.00	$17.00-$20.00	$2.28-$2.64	$1.92-$2.64	$15.00-$17.00	Moderate Shortage
HIGH TECH/R & D	$30.00-$60.00	n/a	$5.40-$11.40	n/a	$25.00 +	Moderate Shortage

RICHMOND: INDUSTRIAL

Market Area: Richmond Metropolitan Area including Chesterfield and Henrico Counties

DEMOGRAPHICS

POPULATION: 819,700
RANK BY POPULATION: 62
POPULATION GROWTH RATE: 1.51%
UNEMPLOYMENT RATE: 3.6%
MEDIAN HOUSEHOLD INCOME: $30,762
RANK BY INCOME: 34
COST OF LIVING INDEX: 103
RANK BY COST OF LIVING: 33

MARKET DATA

TOTAL INVENTORY
Central City: 4,000,000 sq.ft.
Suburban: 8,060,000 sq.ft.

VACANT INVENTORY
Central City: 450,000 sq.ft.(11.3%)
Suburban: 1,032,000 sq.ft.(12.8%)

NET ABSORPTION
Central City: -350,000 sq.ft.
Suburban: -225,680 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 620,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The Richmond industrial market experienced a negative net absorption during 1988. This was partially caused by an increase in build-to-suit projects which typically attract tenants from a multi-tenant building to a single-tenant building. Build-to-suit projects are targeted toward only one tenant and built to satisfy that tenant's needs. There was an oversupply of warehousing and distribution and manufacturing space greater than 40,000 square feet. The rate of construction increased from 1987 to 1988 with the addition of more speculative projects.

1989 FORECAST

The diversified local and regional economy is expected to remain stable. New construction will include both bulk warehousing and distribution space and high tech space. Investment from out-of-town investors is anticipated to continue. Land prices should continue to increase and there will be an increase in build-to-suits

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	0%	35%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 6-10%	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.00	$1.75	$1.25	$1.25	$0.75	n/a
SUBURBAN	$1.75-$2.25	$1.50-$2.00	$1.00-$2.00	$1.00-$2.00	$0.75	$0.50-$1.00	$0.50-$0.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$30.00-$40.00	$4.75	$5.50	$30.00	Balanced Market
5,000 to 19,999	$20.00	$22.00	$3.00	$3.75	$26.50	Balanced Market
20,000 to 39,999	$18.00	$20.00	$2.50	$3.25	$22.00	Balanced Market
40,000 to 59,999	$16.00	$20.00	$2.50	$3.00	$22.00	Moderate Oversupply
60,000 to 99,999	$16.00	$18.00	$2.25	$3.00	$20.00	Moderate Oversupply
MORE THAN 100,000	$16.00	$18.00	$2.25	$3.00	$18.00	Moderate Oversupply
HIGH TECH/R & D	n/a	$50.00	$6.00	$6.00	$45.00	Balanced Market

ROANOKE: INDUSTRIAL

Market Area: Salem and Roanoke Metropolitan Area Including Roanoke County

DEMOGRAPHICS

POPULATION: 231,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.3%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $28,365
RANK BY INCOME: 63
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 6,750,000 sq.ft.
Suburban: 8,700,000 sq.ft.

VACANT INVENTORY
Central City: 475,000 sq.ft. (7.0%)
Suburban: 350,000 sq.ft. (4.0%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The Roanoke economy showed stable growth in 1988. The area's unemployment rate remained low which promoted a positive attitude about the economy.

The demand for industrial space was greater than the product availability. While demand was great, there remained an inconsistency in that the rental rates needed to support new construction were greater than the broad market was ready to pay. Therefore, most construction was for users or pre-leased.

The demand for space and the shortages found in many property categories held vacancy rates low. The central city averaged a seven percent vacancy rate and the suburbs averaged a four percent vacancy rate.

1989 FORECAST

It appears that all real estate in the area is being upgraded. New construction is of better quality than that of former years, even in the same use situations.

New speculative development in 1989 will consist of higher quality properties with emphasis on mixed use or potential research and development. There is some question, however, on whether these new upgraded projects will find a broad market base.

OUTLOOK

SALES PRICES
Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

SITE PRICES
n/a

ABSORPTION
Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: n/a
Leases: n/a

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Up 11-15%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	n/a	n/a	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.75-$1.50	$0.75-$1.25	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.90-$2.00	$0.75-$1.75	$0.60-$1.50	n/a	$0.50-$1.00	$0.30-$0.80	$0.25-$0.60

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$14.00-$18.00	$15.00-$25.00	$1.75-$2.50	$3.00-$4.75	$22.00	Substantial Shortage
5,000 to 19,999	$12.00-$15.00	$15.00-$22.00	$1.50-$2.25	$2.50-$4.00	$20.00	Substantial Shortage
20,000 to 39,999	$8.00-$12.00	$12.00-$18.00	$1.25-$2.25	$2.00-$3.00	$18.00	Moderate Shortage
40,000 to 59,999	$8.00-$10.00	$10.00-$16.00	$1.25-$2.25	$1.75-$2.50	$17.00	Moderate Shortage
60,000 to 99,999	$8.00-$10.00	$10.00-$15.00	$1.25-$2.25	$1.75-$2.50	$16.00	Moderate Shortage
MORE THAN 100,000	$8.00-$10.00	$10.00-$14.00	$1.00-$2.00	$1.50-$2.00	$16.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	$4.00-$5.00	$4.00-$5.00	n/a	Balanced Market

SACRAMENTO: INDUSTRIAL

Market Area: Sacramento Metropolitan Area

1988 REVIEW

Having a cross-roads location in Northern California allows Sacramento to be a good distribution point. Many large companies, wanting 300,000 square feet of space or more are moving into the area. The area also has a strong and diversified economy. Both leasing and sales activities of warehousing and distribution facilities rose six to 10 percent in 1988. Anticipation of this strong sales and leasing caused construction activity to also rise six to 10 percent. This resulted in a 17 percent vacancy rate in the central city. There was a reported shortage of facilities with more than 40,000 square feet of space but an oversupply of facilities with less than 5,000 square feet of space and high tech properties. Seventy-five percent of the space absorbed was for warehousing and distribution uses while 20 percent was used for manufacturing activities.

1989 FORECAST

The 1989 outlook for the area is favorable; construction and absorption of warehouse/distribution properties are each expected to rise another six to 10 percent. Sales and leasing dollar volumes are expected to rise to the same degree.

DEMOGRAPHICS

POPULATION: 1,341,700
RANK BY POPULATION: 32
POPULATION GROWTH RATE: 1.93%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $25,184
RANK BY INCOME: 179
COST OF LIVING INDEX: 104.5
RANK BY COST OF LIVING: 25

MARKET DATA

TOTAL INVENTORY
Central City: 46,400,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 8,000,000 sq.ft.(17.2%)
Suburban: n/a

NET ABSORPTION
Central City: 2,500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 2,500,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$4.00	$3.50	$3.00	$2.75	$1.80	$1.35	$1.25
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$55.00	n/a	$4.20	n/a	$23.00	Moderate Oversupply
5,000 to 19,999	$42.00	n/a	$3.60	n/a	$20.00	Balanced Market
20,000 to 39,999	$33.00	n/a	$3.12	n/a	$18.00	Balanced Market
40,000 to 59,999	$30.00	n/a	$2.76	n/a	$17.00	Moderate Shortage
60,000 to 99,999	$26.00	n/a	$2.40	n/a	$15.00	Moderate Shortage
MORE THAN 100,000	$25.00	n/a	$2.30	n/a	$14.00	Substantial Shortage
HIGH TECH/R & D	$80.00	n/a	$8.40	n/a	$26.00	Moderate Oversupply

SALT LAKE CITY: INDUSTRIAL

Market Area: Salt Lake City Metropolitan Area

1988 REVIEW

The Salt Lake City economy picked up during the last part of 1988 and continued to grow throughout the balance of the year. The demand for industrial real estate increased from 1987 to 1988. Approximately 65 million square feet of industrial space was in place in the entire Salt Lake City area.

Vacancy rates were relatively high for the central city area. Warehousing/distribution space was the most demanded property type during the year. This facility type accounted for about 74 percent of all net absorption. Almost all of the nearly 450,000 square feet of new construction occurred in the suburbs.

1989 FORECAST

New speculative development will be minimal. The SIOR respondent for Salt Lake City expects demand to be on the upswing in 1989.

DEMOGRAPHICS

POPULATION: 1,056,500
RANK BY POPULATION: 44
POPULATION GROWTH RATE: 0.69%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $27,742
RANK BY INCOME: 91
COST OF LIVING INDEX: 98.9
RANK BY COST OF LIVING: 48

MARKET DATA

TOTAL INVENTORY
Central City: 11,595,925 sq.ft.
Suburban: 53,080,247 sq.ft.

VACANT INVENTORY
Central City: 1,407,755 sq.ft.(12.1%)
Suburban: 4,706,141 sq.ft.(8.9%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,200 sq.ft.
Suburban: 447,000 sq.ft.

MORTGAGE MONEY SUPPLY
n/a

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
n/a

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: n/a
Leases: n/a

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	74%	25%	1%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Same	Same
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.99	$1.94	$1.58	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$37.86	$2.60	$2.87	$22.00	Moderate Oversupply
5,000 to 19,999	$18.93	$20.59	$2.80	$2.34	$20.00	Moderate Oversupply
20,000 to 39,999	$7.68	$20.85	$1.30	$2.23	$18.00	Substantial Oversupply
40,000 to 59,999	n/a	$17.84	n/a	$1.86	$17.00	Substantial Oversupply
60,000 to 99,999	n/a	$18.75	$2.40	$1.28	$16.00	Substantial Oversupply
MORE THAN 100,000	n/a	$14.34	n/a	$1.24	$15.00	Moderate Oversupply
HIGH TECH/R & D	n/a	$38.17	n/a	$4.30	$32.00	n/a

SAN ANTONIO: INDUSTRIAL

Market Area: San Antonio Metropolitan Area

1988 REVIEW

The general economy recovered while diversification into more tourism and conventions continued. The earlier decline in leasing rates and the current ability of buyers to purchase properties at prices substantially below their replacement cost encouraged demand somewhat.

The majority of buyers were direct users rather than investors. Suburban areas had a vacancy rate of 16.5 percent in 1988 but managed to absorb a little over one percent of their total existing space. Seventy percent of the absorbed space was for warehousing and distribution, 20 percent for high tech uses, and only 10 percent was for manufacturing purposes.

1989 FORECAST

The real estate market continued to be depressed but probably reached it s bottom in 1988 and will recover slightly in 1989. There will be only a modest amount of industrial construction in 1989. The absorption of space for warehouse/distribution purposes is expected to rise 11 to 15 percent while manufacturing and high tech uses will increase six to 10 percent. Lease prices will not change much and there will be virtually no new speculative development.

DEMOGRAPHICS

POPULATION: 1,314,000
RANK BY POPULATION: 36
POPULATION GROWTH RATE: 0.06%
UNEMPLOYMENT RATE: 6.5%
MEDIAN HOUSEHOLD INCOME: $25,365
RANK BY INCOME: 174
COST OF LIVING INDEX: 98.2
RANK BY COST OF LIVING: 49

MARKET DATA

TOTAL INVENTORY
Central City: 12,700,000 sq.ft.
Suburban: 40,900,000 sq.ft.

VACANT INVENTORY
Central City: 1,500,000 sq.ft.(11.8%)
Suburban: 6,750,000 sq.ft.(16.5%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 465,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Down 6-10%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	10%	20%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 1-5%	Up 5%
DOLLAR VOLUME – SALES**	Down 11-15%	Down 11-15%	Same
DOLLAR VOLUME – LEASES**	Down 6-10%	Down 6-10%	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.25-$2.50	$1.25-$2.50	$1.00-$1.75	$0.75-$1.25	$0.50-$0.85	$0.25-$0.65	$0.25-$0.65

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$20.00-$25.00	n/a	$2.64-$4.08	$21.00-$25.00	Substantial Oversupply
5,000 to 19,999	n/a	$20.00-$25.00	$2.16-$3.00	$2.04-$2.76	$17.00-$21.00	Substantial Oversupply
20,000 to 39,999	n/a	$17.00-$20.00	$1.95-$2.16	$1.92-$2.28	$13.00-$17.00	Substantial Oversupply
40,000 to 59,999	$10.00	$16.00-$19.00	$3.00-$3.36	$1.80-$2.16	$13.00-$17.00	Substantial Oversupply
60,000 to 99,999	n/a	$14.00-$16.00	n/a	$1.80-$2.16	$11.00-$13.00	Moderate Oversupply
MORE THAN 100,000	n/a	$14.00-$16.00	n/a	$1.80-$2.16	$10.00-$11.00	Balanced Market
HIGH TECH/R & D	$35.00-$45.00	$30.00-$35.00	n/a	$4.56-$5.04	$24.00-$27.00	Moderate Oversupply

SAN BERNARDINO/RIVERSIDE: INDUSTRIAL

Market Area: San Bernardino, Riverside Counties, and The Inland Empire Area

DEMOGRAPHICS

POPULATION: 2,165,600
RANK BY POPULATION: 17
POPULATION GROWTH RATE: 3.87%
UNEMPLOYMENT: 4.6%
MEDIAN HOUSEHOLD INCOME: $24,085
RANK BY INCOME: 216
COST OF LIVING INDEX: 110.7
RANK BY COST OF LISING: 17

MARKET DATA

TOTAL INVENTORY
Central City: 50,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 12,500,000 sq.ft.(25.0%)
Suburban: n/a

NET ABSORPTION
Central City: 9,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 6,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

The San Bernardino/Riverside area experienced rapid growth during the past several years. More space was absorbed last year than ever before, amounting to over nine million square feet. Demand for industrial space was very strong. Most of the leasing and sales activity was concentrated around properties with over 100,000 square feet, and properties with less than 40,000 square feet.

Large retail distribution users absorbed a significant portion of the warehouse space. Distributors were attracted to the area due to the amenities of rail access, convenient freeway access, foreign trade zone status, and lease rates lower than most other Los Angeles locations.

1989 FORECAST

New construction will outpace the 1988 levels. Speculative development will remain strong due to the expected increase in demand. Pricing pressure from Orange and L.A. Counties will fuel Inland Empire expansion.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Same	Down 6-10%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – LEASES**	n/a	n/a	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$6.00	$5.50	$5.00	$4.25	$3.75	$2.50	$2.00
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$55.00	n/a	$38.00	n/a	$26.00	Moderate Shortage
5,000 to 19,999	$48.00	n/a	$36.00	n/a	$22.00	Moderate Shortage
20,000 to 39,999	$43.00	n/a	$34.00	n/a	$20.00	Moderate Shortage
40,000 to 59,999	$38.00	n/a	$32.00	n/a	$18.00	Substantial Oversupply
60,000 to 99,999	$36.00	n/a	$30.00	n/a	$16.00	Substantial Oversupply
MORE THAN 100,000	$33.00	n/a	$28.00	n/a	$15.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	$70.00	n/a	n/a	Substantial Oversupply

SAN DIEGO: INDUSTRIAL

Market Area: San Diego Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,290,300
RANK BY POPULATION: 15
POPULATION GROWTH RATE: 2.20%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $26,973
RANK BY INCOME: 122
COST OF LIVING INDEX: 118.9
RANK BY COST OF LIVING: 9

MARKET DATA

TOTAL INVENTORY
Central City: 25,540,000 sq.ft.
Suburban: 26,360,000 sq.ft.

VACANT INVENTORY
Central City: 4,600,000 sq.ft.(18.0%)
Suburban: 4,800,000 sq.ft.(18.9%)

NET ABSORPTION
Central City: 2,220,000 sq.ft.
Suburban: 2,020,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,850,000 sq.ft.
Suburban: 1,350,000 sq.ft.

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

1988 REVIEW

The San Diego area continued to enjoy strong economic performance throughout 1988, with below average unemployment. Its location near the Mexican border spurred the development of the maquicadora (twin plant) concept in an attempt to minimize manufacturing and distribution costs.

Although inventory levels remained high by national standards, absorption of industrial space increased eight percent from 1987, totalling 4.24 million square feet. This absorption was balanced, with 36 percent for warehousing and distribution facilities, 33 percent for manufacturing and 31 percent high tech/R & D.

Since more space was absorbed than constructed, the market was tending toward balance, with oversupplies prevalent only in very small facilities and high tech applications.

1989 FORECAST

SIOR respondents see a steady market in 1989, with absorption and construction of manufacturing and distribution space increasing one to five percent, while high tech/R & D space will remain at 1988 levels.

Sales and lease prices are expected to increase modestly except for high tech/R & D space which should remain at 1988 levels. Prices for industrial sites are also expected to increase somewhat.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	36%	33%	31%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	Down 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 1-5%	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$11.00-$15.00	$11.00-$15.00	$11.00-$15.00	$10.00-$12.00	$6.00-$7.00	$4.00-$6.00	$2.00-$4.00
SUBURBAN	$7.00-$9.00	$7.00-$9.00	$6.50-$9.00	$6.00-$7.50	$3.00-$5.00	$3.00-$5.00	$2.00-$4.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$65.00-$70.00	$55.00-$60.00	$7.80-$9.00	$6.60-$7.80	$27.00-$30.00	Moderate Oversupply
5,000 to 19,999	$60.00-$70.00	$50.00-$55.00	$6.60-$7.20	$6.00-$6.96	$24.00-$27.00	Balanced Market
20,000 to 39,999	$55.00-$60.00	$50.00-$55.00	$6.00-$6.96	$6.00-$6.60	$20.00-$22.00	Balanced Market
40,000 to 59,999	$45.00-$55.00	$45.00-$50.00	$5.40-$6.00	$5.28-$5.74	$17.00-$19.00	Balanced Market
60,000 to 99,999	$45.00-$50.00	$40.00-$45.00	$5.04-$5.52	$5.04-$5.52	$15.00-$19.00	Balanced Market
MORE THAN 100,000	$45.00-$50.00	$40.00-$45.00	$5.04-$5.52	$4.80-$5.28	$15.00-$17.00	Balanced Market
HIGH TECH/R & D	$75.00-$90.00	$65.00-$75.00	$11.40-$12.00	$9.60-$10.20	$24.00-$28.00	Substantial Oversupply

SAN FRANCISCO: INDUSTRIAL

Market Area: San Francisco Metropolitan Area

1988 REVIEW

The San Francisco economy is primarily based on service-oriented businesses rather than manufacturing or heavy industry. High land costs and city taxes are two of the reasons many industrial firms have relocated to outlying parts of the metro area. Thus, San Francisco has a small amount of quality industrial space relative to the size of the city. There was a shortage of good quality industrial product, and demand for this space was steady throughout the year.

1989 FORECAST

Very little construction, if any, will occur during 1989. New construction is not feasible with the high land costs. Since no additions to supply are anticipated, the shortage of good quality space should remain. The current glut of dilapidated and mediocre industrial product will continue unless developers begin to rehabilitate the run-down space.

DEMOGRAPHICS

POPULATION: 1,591,900
RANK BY POPULATION: 27
POPULATION GROWTH RATE: 0.18%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $30,892
RANK BY INCOME: 31
COST OF LIVING INDEX: 132.7
RANK BY COST OF LIVING: 4

MARKET DATA

TOTAL INVENTORY
Central City: 28,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 3,300,000 sq.ft. (11.8%)
Suburban: n/a

NET ABSORPTION
Central City: 500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks, S&Ls

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	50%	n/a
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 6-10%	n/a
DOLLAR VOLUME – SALES**	Down 1-5%	Down 1-5%	n/a
DOLLAR VOLUME – LEASES**	Down 1-5%	Down 1-5%	n/a

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$76.00	n/a	$8.00	n/a	$55.00	Balanced Market
5,000 to 19,999	$66.00	n/a	$6.10	n/a	$32.00	Moderate Oversupply
20,000 to 39,999	$42.00	n/a	$4.50	n/a	$26.00	Balanced Market
40,000 to 59,999	$35.00	n/a	n/a	n/a	$23.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	$20.00	Moderate Shortage
MORE THAN 100,000	n/a	n/a	n/a	n/a	n/a	Substantial Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Moderate Shortage

SAN JOSE: INDUSTRIAL

Market Area: San Jose

1988 REVIEW

San Jose's economy remained strong as a result of the continued success of the electronics industry in the area. Demand for bulk industrial space as well as research and development space increased dramatically during 1988. Active leasing generated net absorption of approximately 12 million square feet. Even with the tremendous leasing activity, the market still had a moderate oversupply of space by year end.

1989 FORECAST

Little new construction is predicted for 1989, due to the excess of speculative space still available in the market. The economy is expected to remain strong, and absorption should increase in all industrial areas by at least 11 percent. The SIOR respondent in San Jose estimates that by the end of the third quarter, a balance between the demand for space and the existing supply should be reached.

DEMOGRAPHICS

POPULATION: 1,390,400
RANK BY POPULATION: 30
POPULATION GROWTH RATE: 1.36%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $39,035
RANK BY INCOME: 5
COST OF LIVING INDEX: 116.8
RANK BY COST OF LIVING: 12

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 25%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 20%

DOLLAR VOLUME
Sales: Up 25%
Leases: Up 25%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	Up 6-10%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 6-10%	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 6-10%	Up 11-15%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	**LESS THAN 2 ACRES**	**2 TO 5 ACRES**	**5 TO 10 ACRES**	**MORE THAN 10 ACRES**	**LESS THAN 10 ACRES**	**10 TO 100 ACRES**	**MORE THAN 100 ACRES**
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$8.00	$8.00	$7.00	$7.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	n/a	$60.00	n/a	Moderate Shortage
5,000 to 19,999	n/a	$63.00	n/a	$55.00	$24.00	Balanced Market
20,000 to 39,999	n/a	$60.00	n/a	$50.00	n/a	Moderate Oversupply
40,000 to 59,999	n/a	$45.00	n/a	$45.00	n/a	Moderate Oversupply
60,000 to 99,999	n/a	$40.00	n/a	$40.00	n/a	Moderate Oversupply
MORE THAN 100,000	n/a	$37.00	n/a	$30.00	$20.00	Moderate Shortage
HIGH TECH/R & D	n/a	$75.00	n/a	$80.00	$32.00	Moderate Oversupply

SARASOTA/BRADENTON: INDUSTRIAL

Market Area: Bradenton and Sarasota

DEMOGRAPHICS

POPULATION: 260,300
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.80%
UNEMPLOYMENT RATE: 4.1%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 13,710,500 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Located on the western side of central Florida, this area was strongly oriented towards tourism and retirement. Forty-two percent of total personal income came from current earnings. In 1988 there was little change but rather slow and consistent growth. The demand for industrial property was very light with many properties requiring one year of marketing time. Construction activity for industrial properties was slightly below 1987's level, while leasing and sales volumes were up somewhat. Most of the oversupply of industrial space was in facilities that contain less than 40,000 square feet. Of the space absorbed last year, 45 percent was for warehousing and distribution and 54 percent was for manufacturing.

1989 FORECAST

Very little speculative development is expected in 1989, although the demand for multi-tenant space of 1,000 to 4,000 square feet will grow. Sales prices and leasing rates may decline slightly.

OUTLOOK

SALES PRICES
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	54%	1%
RATE OF NEW CONSTRUCTION**	Same	Down 1-5%	Down 6-10%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.10	$1.85	$1.50	$1.10	$0.85	$0.65	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$35.00	n/a	$4.25	$30.00	Moderate Oversupply
5,000 to 19,999	n/a	$32.50	n/a	$3.60	$25.00	Moderate Oversupply
20,000 to 39,999	n/a	$26.00	n/a	$3.30	$20.00	Moderate Oversupply
40,000 to 59,999	n/a	$19.00	n/a	$3.00	$18.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Balanced Market
MORE THAN 100,000	n/a	n/a	n/a	n/a	n/a	Balanced Market
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$45.00	Balanced Market

SEATTLE: INDUSTRIAL

Market Area: Seattle Metropolitan Area

1988 REVIEW

Seattle's economy remained strong during 1988, and was centered around Boeing's aircraft production, the timber industry, and trade activity through the port. Demand for industrial space continued at a moderate to good rate. The amount of business expansions was greater than expected, and this maintained the demand for additional industrial space.

Over 55 percent of the industrial absorption occurred in warehouse and distribution properties. New construction of high tech properties was one to five percent greater than in 1987.

1989 FORECAST

The economy will continue to prosper. Speculative development of industrial construction in the central city will be limited due to the scarcity of vacant and developable land. Suburban speculative development will continue at a moderate rate. SIOR respondents expect absorption of warehouse and distribution space to decrease.

DEMOGRAPHICS

POPULATION: 1,794,200
RANK BY POPULATION: 24
POPULATION GROWTH RATE: 1.11%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $29,856
RANK BY INCOME: 39
COST OF LIVING INDEX: 106.6
RANK BY COST OF LIVING: 19

MARKET DATA

TOTAL INVENTORY
Central City: 43,255,952 sq.ft.
Suburban: 91,353,139 sq.ft.

VACANT INVENTORY
Central City: 2,140,416 sq.ft.(4.9%)
Suburban: 6,963,209 sq.ft.(7.6%)

NET ABSORPTION
Central City: (440,451) sq.ft.
Suburban: 758,192 sq.ft.

CURRENT CONSTRUCTION
Central City: 800,000 sq.ft.
Suburban: 2,600,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	25%	20%
RATE OF NEW CONSTRUCTION**	Down 1-5%	Same	Up 1-5%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$8.00-$12.00	$8.00-$9.00	$7.00-$9.00	n/a	n/a	n/a	n/a
SUBURBAN	$4.00	$3.75	$3.50	$3.50	$1.75	$1.25	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$50.00	n/a	$5.40	$5.40	$30.00	Moderate Oversupply
5,000 to 19,999	$35.00	$42.00	$4.20	$3.96	$22.00	Balanced Market
20,000 to 39,999	$33.00	$36.00-$38.00	$3.96	$3.66	$20.00	Moderate Oversupply
40,000 to 59,999	$31.00	$34.00-$36.00	$3.60	$3.36	$18.00	Balanced Market
60,000 to 99,999	$30.00	$28.00-$30.00	$3.36	$3.00	$16.00	Balanced Market
MORE THAN 100,000	$28.00	$26.00	$3.12	$2.64	$14.00	Balanced Market
HIGH TECH/R & D	n/a	$90.00	$14.00	$12.00	$30.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 1,794,200
RANK BY POPULATION: 24
POPULATION GROWTH RATE: 1.11%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $29,856
RANK BY INCOME: 39
COST OF LIVING INDEX: 106.6
RANK BY COST OF LIVING: 19

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 12,506,885 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,775,718 sq.ft.(14.2%)

NET ABSORPTION
Central City: n/a
Suburban: 1,136,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 496,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Pension Funds

SEATTLE-GREATER EASTSIDE: INDUSTRIAL

Market Area: Bellevue and Greater Eastside of Seattle

1988 REVIEW

The Seattle-Greater Eastside economy remained strong and diversified in 1988. Many new companies moved into Washington primarily from other western states and the Pacific Rim.

Net absorption of industrial space was high in 1988, totalling approximately 1.2 million square feet of leasehold space. Chief industrial users of the space included electronics, biomedical, and service support firms.

High tech space was found to be substantially oversupplied in 1988, even though it accounted for almost 40 percent of all net absorption. Shortages or balanced markets occurred in other property categories producing an overall vacancy rate of 14.2 percent.

1989 FORECAST

Speculative development will be active in 1989. Currently, 826,000 square feet of high tech space, 250,000 square feet of business parks, and 366,000 square feet of distribution space is planned. Distribution demand is also beginning to grow. Warehousing/distribution absorption is expected to increase 30 percent in 1989. Absorption of high tech space should increase six to 10 percent.

OUTLOOK

SALES PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: n/a
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: n/a
Warehouse/Distribution: Up 30%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: n/a
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	62%	n/a	38%
RATE OF NEW CONSTRUCTION**	Up 50%	n/a	Down 11-15%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 1-5%	Up 11-15%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$7.00	$6.00	$5.00	$4.50	$3.00	$2.00	$1.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$55.00-$60.00	n/a	$6.00	$30.00	Substantial Shortage
5,000 to 19,999	n/a	$50.00	n/a	$5.40	$25.00	Moderate Shortage
20,000 to 39,999	n/a	$45.00-$50.00	n/a	$4.80	$21.00	Balanced Market
40,000 to 59,999	n/a	$40.00	n/a	$4.20	$20.00	Balanced Market
60,000 to 99,999	n/a	$38.00	n/a	$4.20	$18.00	Substantial Shortage
MORE THAN 100,000	n/a	$35.00	n/a	$4.20	$18.00	Substantial Shortage
HIGH TECH/R & D	n/a	$60.00-$70.00	n/a	$7.80	n/a	Substantial Oversupply

SEATTLE - SOUTH: INDUSTRIAL

Market Area:: Seattle and King, Pierce, and Snohomish Counties

1988 REVIEW

The area's economy was healthy and became increasingly diversified in 1988. The major local industries included computer software, truck and aircraft manufacturing and forest products. The area's economy was helped by the strong demand for these products plus growth in the Orient trade and local tourism. Demand for industrial space was strong for both leasing and sales. Service type buildings and high-bay warehouses were the most active part of the market, followed by the demand for high tech buildings. Bountiful credit continued to feed speculative development even though most markets were overbuilt and rents were soft. Values remained relatively flat because of overbuilt conditions and associated low rents.

1989 FORECAST

There will be increased tenant demand in all areas. As grid-lock continues on the highways, close-in locations will bring premium rents.

Advancing interest rates will slow construction activity and rents will firm up.

The future supply of developable land is low in all areas and being reduced further by the wetland and hazardous waste controversies.

DEMOGRAPHICS

POPULATION: 1,794,200
RANK BY POPULATION: 24
POPULATION GROWTH RATE: 1.11%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $29,856
RANK BY INCOME: 39
COST OF LIVING INDEX: 106.6
RANK BY COST OF LIVING: 19

MARKET DATA

TOTAL INVENTORY
Central City: 44,329,000 sq.ft.
Suburban: 91,830,000 sq.ft.

VACANT INVENTORY
Central City: 1,823,000 sq.ft.(4.1%)
Suburban: 6,890,000 sq.ft.(7.5%)

NET ABSORPTION
Central City: 580,000 sq.ft.
Suburban: 1,225,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 425,000 sq.ft.
Suburban: 2,400,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial & Savings Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 1-5%

SITE PRICES
Down 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Down 11-15%
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Down 20%	Up 6-10%
DOLLAR VOLUME – SALES**	Same	Up 1-5%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 6-10%	Up 11-15%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$10.00-$15.00	$10.00-$12.00	$10.00	$10.00	$8.00-$10.00	n/a	n/a
SUBURBAN	$4.00-$8.00	$4.00-$7.00	$3.75-$6.00	$3.00-$5.00	$1.75	$1.25	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$50.00	n/a	$6.00	$5.40	$32.00	Balanced Market
5,000 to 19,999	$35.00	$45.00	$4.20	$3.82	$30.00	Substantial Oversupply
20,000 to 39,999	$33.00	$36.00-$38.00	$3.96	$3.60	$25.00	Moderate Oversupply
40,000 to 59,999	$31.00	$34.00-$36.00	$3.60	$3.36	$20.00	Balanced Market
60,000 to 99,999	$30.00	$28.00-$32.00	$3.36	$3.00	$19.00	Moderate Shortage
MORE THAN 100,000	$30.00	$28.00	$3.36	$2.64	$17.00	Moderate Shortage
HIGH TECH/R & D	$45.00	$75.00-$80.00	$8.00-$10.00	$7.00-$10.00	$45.00-$50.00	Moderate Oversupply

SIOUX CITY: INDUSTRIAL

Market Area: Sioux City Metropolitan Area

1988 REVIEW

The local economy made a definite rebound from a low point in the mid-1980s. Retail sales were strong. There was considerable expansion of existing general businesses in 1988 and the overall vacancy rate in industrial properties was about 6.1 percent. Warehousing and distribution accounted for 80 percent of the space absorbed while manufacturing claimed the other 20 percent.

1989 FORECAST

General business conditions and the absorption of industrial space are expected to rise in 1989, but with the existing industrial properties available, there will be virtually no speculative development.

DEMOGRAPHICS

POPULATION: 116,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.00%
UNEMPLOYMENT RATE: 4.1%
MEDIAN HOUSEHOLD INCOME: $23,714
RANK BY INCOME: 223
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 2,000,000 sq.ft.
Suburban: 3,500,000 sq.ft.

VACANT INVENTORY
Central City: 160,000 sq.ft.(8.0%)
Suburban: 175,000 sq.ft.(5.0%)

NET ABSORPTION
Central City: 200,000 sq.ft.
Suburban: 300,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 1-5%
Leases: n/a

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	20%	n/a
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 1-5%	n/a
DOLLAR VOLUME – SALES**	Up 11-15%	Up 6-10%	n/a
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	$2.25	n/a	n/a	$0.35	n/a	n/a
SUBURBAN	$2.20	n/a	$1.50	$0.85	$0.25	$0.15	$0.10

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$18.00	$18.00	$2.50	$2.50	$22.00	Moderate Shortage
5,000 to 19,999	$17.00	$17.00	$2.00	$2.00	$19.00	Moderate Shortage
20,000 to 39,999	$17.00	$15.00	$2.00	$2.00	$17.00	Moderate Shortage
40,000 to 59,999	$15.00	$14.00	$1.50	$1.50	$17.00	Balanced Market
60,000 to 99,999	$15.00	$14.00	$1.20	$1.20	$16.00	Balanced Market
MORE THAN 100,000	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

SOUTH BEND: INDUSTRIAL

Market Area: South Bend, Elkhart, Goshen, Granger, Middleberry, Mishawaka, Osceola

1988 REVIEW

The SIOR respondent in the South Bend area indicated that most of the industrial demand for leased space resulted from companies expanding and upgrading, rather than from new tenants moving into the market. The local economy benefited from the prosperity of other Midwest cities, like Chicago. Thus, the economy remained steady during 1988. Vacancy rates remained under seven percent. Manufacturing space was the most demanded type of industrial space and accounted for 70 percent of the total space absorbed in the market.

1989 FORECAST

Limited speculative development will occur during the year. New construction will be nominal because of the difficulty in obtaining financing in this area. The most leasing activity is expected to occur in manufacturing properties instead of high tech/R & D or warehouse/distribution space.

DEMOGRAPHICS

POPULATION: 283,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.0%
UNEMPLOYMENT RATE: 5.8%
MEDIAN HOUSEHOLD INCOME: $27,096
RANK BY INCOME: 116
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 20,000,000 sq.ft.
Suburban: 13,000,000 sq.ft.

VACANT INVENTORY
Central City: 1,200,000 sq.ft.(6.0%)
Suburban: 520,000 sq.ft.(4.0%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 750,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 100,000 sq.ft.
Suburban: 750,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	70%	10%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 6-10%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.65	$0.65	$0.60	$0.50	$0.40	n/a	n/a
SUBURBAN	$0.50	$0.50	$0.50	$0.50	$0.40	$0.20	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$25.00	$4.50	$4.50	$25.00	Substantial Shortage
5,000 to 19,999	$19.00	$19.00	$2.75	$2.75	$23.00	Moderate Shortage
20,000 to 39,999	$16.00	$16.00	$2.25	$2.25	$20.00	Substantial Shortage
40,000 to 59,999	$14.00	$14.00	$2.25	$2.25	$18.00	Moderate Shortage
60,000 to 99,999	$13.00	$13.00	$2.00	$2.00	$14.00	Moderate Oversupply
MORE THAN 100,000	$12.00	$12.00	$1.75	$1.75	$14.00	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

SPOKANE: INDUSTRIAL

Market Area: Spokane Metropolitan Area including Spokane County

DEMOGRAPHICS

POPULATION: 361,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.70%
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Owner Financing

1988 REVIEW

Spokane, the center for business and distribution for a large geographic area in eastern Washington and northern Idaho, continued to have slow, steady growth in 1988.

Despite the economic advances, the industrial real estate market remained overbuilt, with oversupplies of most sizes of industrial property, except very large facilities. Construction remained at 1987 levels, adding to the inventory available.

Absorbed industrial space reflected the role of Spokane as the primary distribution center between Seattle and Minneapolis, accounting for 70 percent of the absorbed industrial space. Manufacturing accounted for 25 percent, while high tech applications accounted for five percent.

1989 FORECAST

Despite a generally overbuilt market, the SIOR respondent believes construction will increase during 1989 for all types of property except high tech, which should stabilize. Absorption is expected to pick up somewhat for both distribution and manufacturing uses, while demand for high tech space is expected to be lower. These conditions should result in some depletion of available inventory.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Up 6-10%	Up 6-10%	Down 1-5%
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 11-15%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$1.00-$2.00	$0.75-$1.75	$0.50-$1.50	$0.50-$1.00	n/a	n/a	n/a
SUBURBAN	$0.75-$1.00	$0.35-$0.75	$0.25-$0.35	$0.15-$0.30	$0.35	$0.20	$0.11

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$19.50	$21.50	$3.00	$3.00	$21.00	Substantial Oversupply
5,000 to 19,999	$17.00	$18.00	$3.00	$3.00	$19.00	Substantial Oversupply
20,000 to 39,999	$14.50	$15.50	$2.64	$2.64	$16.50	Moderate Oversupply
40,000 to 59,999	$13.25	$14.25	$2.16	$2.16	$16.50	Moderate Oversupply
60,000 to 99,999	$13.25	$14.25	$1.92	$1.92	$15.00	Moderate Oversupply
MORE THAN 100,000	$12.00	$13.00	$0.15-$1.80	$1.80	$15.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	$3.00	$3.00	$65.00	Moderate Oversupply

SPRINGFIELD: INDUSTRIAL

Market Area: Springfield, Chicopee, East Longmeadow, Holyoke, Ludlow, West Springfield, and Westfield

DEMOGRAPHICS

POPULATION: 592,000
RANK BY POPULATION: 79
POPULATION GROWTH RATE: 1.24%
UNEMPLOYMENT RATE: 3.1%
MEDIAN HOUSEHOLD INCOME: $26,173
RANK BY INCOME: 138
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Springfield was a major agricultural center for the state of Massachusetts and was also diversifying its economic bases into the finance and service sectors. There was a steady expansion of local companies and a modest increase in the volume of sales, leasing, and construction in industrial real estate. The real estate market continued to favor the warehousing and distribution sector which accounted for 75 percent of the space absorbed in 1988. Manufacturing claimed the other 25 percent of absorption. There was a substantial shortage of prime industrial buildings containing less than 40,000 square feet and a moderate shortage of facilities with 40,000 to 100,000 square feet of space.

1989 FORECAST

There will be some owner-user projects constructed in 1989 but very little speculative development. The dollar volume of properties sold or leased is expected to rise between six and 10 percent, while sale prices, lease rates, absorption rates and construction activity will all likely rise less than five percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Up [illegible]
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME – LEASES**	Up 1-5%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.70-$1.95	$0.70-$1.95	$0.70-$1.50	$0.70	$0.55-$0.65	$0.25-$0.40	$0.22-$0.30

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$35.00-$50.00	n/a	$4.50-$5.50	$40.00	Substantial Shortage
5,000 to 19,999	n/a	$25.00-$40.00	n/a	$4.00-$5.00	$35.00	Substantial Shortage
20,000 to 39,999	n/a	$25.00-$35.00	n/a	$3.50-$4.00	$30.00	Substantial Shortage
40,000 to 59,999	n/a	$22.00-$30.00	n/a	$3.00-$3.50	$25.00	Moderate Shortage
60,000 to 99,999	n/a	$18.00-$25.00	n/a	$3.00-$3.50	$23.00	Moderate Shortage
MORE THAN 100,000	n/a	$18.00-$25.00	n/a	$2.90-$3.25	$22.00	Balanced Market
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$60.00	Balanced Market

ST. LOUIS: INDUSTRIAL

Market Area: St. Louis Metropolitan Area

1988 REVIEW

The strong diversified economy contributed to the tremendous amount of business expansions that occurred during 1988. The largest portion of net absorption was due to local firms expanding and needing additional space. Approximately 75 percent of the absorption occurred in warehouse and distribution properties. Some new industry also contributed to the industrial demand as well. No new speculative development occurred during the year. Build-to-suit projects became a new trend in industrial development for the St. Louis area.

1989 FORECAST

Warehouse space is the only industrial property type that is expected to have an increase in construction during 1989. In fact, no additional high tech space will be added to the market. The SIOR respondents are expecting a modest improvement in leasing and sales activity. Modest growth of the local economy should continue to benefit local businesses.

DEMOGRAPHICS

POPULATION: 2,454,000
RANK BY POPULATION: 11
POPULATION GROWTH RATE: .22%
UNEMPLOYMENT RATE: 6.0%
MEDIAN HOUSEHOLD INCOME: $29,330
RANK BY INCOME: 49
COST OF LIVING INDEX: 97.7
RANK BY COST OF LIVING: 52

MARKET DATA

TOTAL INVENTORY
Central City: 72,000,000 sq.ft.
Suburban: 87,300,000 sq.ft.

VACANT INVENTORY
Central City: 9,400,000 sq.ft.(13.1%)
Suburban: 7,900,000 sq.ft.(9.0%)

NET ABSORPTION
Central City: (500,000) sq.ft.
Suburban: 1,500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Cos., Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION**	Up 1-5%	Down 1-5%	Down 6-10%
DOLLAR VOLUME – SALES**	Same	Same	Down 6-10%
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.00	$1.75	$1.25	$1.00	$1.00	$0.40	n/a
SUBURBAN	$2.75	$2.50	$2.00	$1.50	$1.50	$1.25	$0.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$28.00	$45.00	$3.00	$5.00	$45.00	Balanced Market
5,000 to 19,999	$22.00	$37.00	$2.75	$4.50	$40.00	Balanced Market
20,000 to 39,999	$18.00	$33.00	$2.50	$4.00	$36.00	Balanced Market
40,000 to 59,999	$16.00	$30.00	$2.25	$3.75	$31.00	Balanced Market
60,000 to 99,999	$14.00	$25.00	$2.00	$3.25	$25.00	Moderate Shortage
MORE THAN 100,000	$19.00	$24.00	$1.50	$3.00	$25.00	Substantial Shortage
HIGH TECH/R & D	n/a	$60.00	$7.00	$7.00	$50.00	Moderate Oversupply

STAMFORD/NORWALK: INDUSTRIAL

Market Area: Stamford and Norwalk

1988 REVIEW

The Stamford industrial market experienced no significant changes during 1988. Only 50,000 square feet of new space was under construction. Most of the industrial leasing activity resulted from companies expanding to larger space within the market area. Firms also relocated out of the market. Consequently, the market experienced no net absorption during the year, and the dollar volume of leases declined.

1989 FORECAST

The decline in lease rates could attract new firms to the area, possibly increasing net absorption during 1989. No new construction is proposed. This will result in a shortage of industrial space over the next several years. High land costs in the area coupled with decreasing lease rates make development of new industrial projects almost prohibitive.

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 2.1%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 18,800,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 1,220,000 sq.ft.(6.5%)
Suburban: n/a

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 50,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	40%	40%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Down 1-5%	Down 1-5%	Down 1-5%

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$18.00	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$110.00	n/a	$9.00	n/a	$60.00	Moderate Shortage
5,000 to 19,999	$85.00	n/a	$7.75	n/a	$50.00	Moderate Shortage
20,000 to 39,999	$80.00	n/a	$7.50	n/a	$45.00	Moderate Shortage
40,000 to 59,999	$70.00	n/a	$7.50	n/a	n/a	Substantial Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Substantial Shortage
MORE THAN 100,000	n/a	n/a	n/a	n/a	n/a	Substantial Shortage
HIGH TECH/R & D	$120.00	n/a	$12.00	n/a	$60.00	Substantial Shortage

STOCKTON: INDUSTRIAL

Market Area: Stockton, Lodi, Manteca, and Tracy

DEMOGRAPHICS

POPULATION: 455,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 3.10%
UNEMPLOYMENT RATE: 9.2%
MEDIAN HOUSEHOLD INCOME: $21,553
RANK BY INCOME: 286
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 12,100,000 sq.ft.
Suburban: 10,400,000 sq.ft.

VACANT INVENTORY
Central City: 1,452,000 sq.ft.(12.0%)
Suburban: 1,248,000 sq.ft.(12.0%)

NET ABSORPTION
Central City: 863,000 sq.ft.
Suburban: 172,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 1,250,000 sq.ft.
Suburban: 420,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

Stockton, and San Joaquin County generally, is among the most rapidly growing economies in California in terms of new business facilities and expansions. In 1988 this was reflected by continued expansion of large-scale distribution facilities by both regional and national firms. Developers recognized this growth, and new construction of industrial facilities met or exceeded demand, resulting in a 12 percent vacancy rate in both central city and suburban markets. A total of 2.7 million square feet of space was available at year end, while only one million square feet was absorbed last year.

Warehousing and distribution facilities accounted for 80 percent of the absorbed industrial space last year, and manufacturing facilities took up the remainder.

Balanced markets prevailed, but facilities from 40,000 to 60,000 square feet were oversupplied while there was a substantial shortage of buildings with more than 100,000 square feet.

1989 FORECAST

SIOR respondents expect warehouse and distribution absorption to increase significantly in 1989. Construction of these facilities will also increase. Absorption and construction of manufacturing space should increase even more modestly. The presence of a significant inventory will keep price increases, for both sales and leases, modest.

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	20%	n/a
RATE OF NEW CONSTRUCTION**	Up 11-15	Up 6-10%	n/a
DOLLAR VOLUME – SALES**	Up 1-5%	Same	Same
DOLLAR VOLUME – LEASES**	Up 11-15%	Up 6-10%	Same

** Compared to A Year Ago

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.30	$1.90	$1.50	$1.30	$1.30	$0.60	$0.40
SUBURBAN	$2.10	$1.65	$1.20	$1.00	$0.75	$0.55	$0.40

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00	$35.00	$3.60	$3.40	$23.00	Balanced Market
5,000 to 19,999	$32.00	$32.00	$3.00	$2.80	$21.00	Balanced Market
20,000 to 39,999	$28.00	$28.00	$2.88	$2.68	$17.00	Balanced Market
40,000 to 59,999	$28.00	$28.00	$2.88	$2.68	$14.50	Moderate Oversupply
60,000 to 99,999	$26.00	$26.00	$2.76	$2.56	$13.00	Moderate Shortage
MORE THAN 100,000	$24.00	$24.00	$2.64	$2.44	$11.50	Substantial Shortage
HIGH TECH/R & D	$50.00	n/a	$7.20	n/a	$25.00	Balanced Market

SYRACUSE: INDUSTRIAL

Market Area: Syracuse Metropolitan Area

DEMOGRAPHICS

POPULATION: 649,600
RANK BY POPULATION: 70
POPULATION GROWTH RATE: 0.23%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $28,206
RANK BY INCOME: 71
COST OF LIVING INDEX: 94.6
RANK BY COST OF LIVING: 66

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

The strong economy throughout the Northeast continued to be reflected in the Syracuse market in 1988. The local economy, which traditionally depended on both durable goods manufacturing and distribution to much of upstate New York, continued to emphasize the distribution role during the year. Accordingly, 80 percent of the industrial real estate absorbed was for warehousing and distribution use, while the remainder was evenly divided between manufacturing and high tech applications.

Shortages of most industrial building sizes were evident by year-end. The only exception was buildings from 40,000 to 60,000 square feet which had a balanced market.

1989 FORECAST

SIOR respondents are quite optimistic about 1989, expecting increases in absorption of six to 10 percent across all industrial property applications. Construction is also expected to increase across the board, but not as rapidly.

Sales prices of industrial properties are expected to increase moderately, while lease prices are expected to increase a little less rapidly. The most rapidly increasing prices are for industrial sites.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 11-15%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	10%	10%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – SALES**	Up 11-15%	Up 1-5%	Up 6-10%
DOLLAR VOLUME – LEASES**	Up 6-10%	Up 1-5%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$1.20	$1.10	$0.90	$0.70	$0.50	$0.40	$0.30

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$20.00-$24.00	n/a	n/a	$34.00	Substantial Shortage
5,000 to 19,999	n/a	$20.00-$22.00	n/a	n/a	$30.00	Substantial Shortage
20,000 to 39,999	n/a	$15.00-$20.00	n/a	n/a	$28.00	Moderate Shortage
40,000 to 59,999	n/a	$15.00-$19.00	n/a	n/a	$24.00	Balanced Market
60,000 to 99,999	n/a	$12.00-$19.00	n/a	n/a	$24.00	Moderate Shortage
MORE THAN 100,000	n/a	$12.00-$19.00	n/a	n/a	$22.00	Moderate Shortage
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$48.00	Moderate Shortage

TAMPA: INDUSTRIAL

Market Area: Tampa and Hillsborough County Area

DEMOGRAPHICS

POPULATION: 1,960,000
RANK BY POPULATION: 21
POPULATION GROWTH RATE: 1.57%
UNEMPLOYMENT RATE: 5.2%
MEDIAN HOUSEHOLD INCOME: $23.236
RANK BY INCOME: 238
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 49,593,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 4,853,887 sq.ft.(9.8%)

NET ABSORPTION
Central City: n/a
Suburban: 4,375,883 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 1,067,547 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

Tampa's industrial demand was generated from expansions by national and regional companies in the area and relocations from outside the market. Relocations primarily affected the high tech office market, of which there was an oversupply of space. The majority of the over four million square feet of net absorption occurred in warehouse and distribution projects. The leasing of high tech/R & D space responded more slowly.

1989 FORECAST

Minimal speculative development is anticipated during 1989. High land prices coupled with the relatively stable rental rates make construction of speculative buildings unfeasible in the current rental market. The SIOR respondents for Tampa expect rental rates to begin moving upward as demand and supply become more balanced. At that point speculative construction might become economically viable.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Same
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	63%	21%	16%
RATE OF NEW CONSTRUCTION**	Down 48%	Down 48%	Down 48%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	Same

**** Compared to A Year Ago**

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$3.50	$3.25	$3.00	$2.75	$2.50	$2.00	$1.95

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$30.00	n/a	$4.00	$35.00	Moderate Oversupply
5,000 to 19,999	n/a	$30.00	n/a	$4.00	$30.00	Moderate Oversupply
20,000 to 39,999	n/a	$28.00	n/a	$3.50	$22.00	Moderate Shortage
40,000 to 59,999	n/a	$23.00	n/a	$3.50	$18.00	Moderate Shortage
60,000 to 99,999	n/a	$22.00	n/a	$3.25	$16.00	Moderate Shortage
MORE THAN 100,000	n/a	$22.00	n/a	$3.00	$14.00	Substantial Shortage
HIGH TECH/R & D	n/a	$40.00	n/a	$5.50	$40.00	Substantial Oversupply

TERRE HAUTE: INDUSTRIAL

Market Area: Terre Haute, West Central Indiana, East Central Illinois

DEMOGRAPHICS

POPULATION: 172,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.30%
UNEMPLOYMENT RATE: 6.2%
MEDIAN HOUSEHOLD INCOME: $22,189
RANK BY INCOME: 268
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Two factors weighed heavily on the market in 1989. First there was an oversupply of heavy and medium industrial space in the Terre Haute area and second, the market itself was soft, causing both leasing and sales to be slow. The regional economy was steady but not growing with the activity bolstered by the chemical industry and growth in service establishments.

Market conditions moved some real estate brokers to expand into other phases of the business which included commercial and property management.

1989 FORECAST

There will be no speculative development in either the urban or outlying areas due to the oversupply of space now on the market. The growth of the service sector is limited by the overall market available to them, but if they are successful there will be demand for additional space in the future. This will be dependent on expansion created by the chemical industry and other industry segments in the market area.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Up 1-5%	Up 6-10%	Up 6-10%
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50-$3.00	$2.00	$1.00-$1.50	$0.75-$1.00	$0.20-$0.50	$0.10-$0.20	$0.05-$0.10
SUBURBAN	$1.70-$2.25	$1.00-$1.50	$0.75-$1.00	$0.50-$0.75	$0.20-$0.50	$0.05-$0.10	$0.02-$0.05

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$19.00-$32.50	$20.00-$25.00	$5.00-$15.00	$6.50-$7.50	$40.00	Moderate Oversupply
5,000 to 19,999	$19.00-$32.50	$25.00-$30.00	$5.00-$6.00	$6.50-$7.50	$30.00	Moderate Oversupply
20,000 to 39,999	$20.00-$30.00	$25.00-$30.00	$5.00	$4.50-$5.00	$25.00	Moderate Oversupply
40,000 to 59,999	$15.00-$25.00	$15.00-$25.00	$4.00-$5.00	$3.50-$4.50	$20.00-$22.50	Moderate Oversupply
60,000 to 99,999	$12.50-$19.50	$12.50-$17.50	$3.00-$3.50	$3.00-$3.50	$20.00-$22.50	Moderate Oversupply
MORE THAN 100,000	n/a	n/a	$2.10-$2.50	$2.00-$2.25	$18.00-$22.00	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	$40.00-$45.00	Moderate Oversupply

TOLEDO: INDUSTRIAL

Market Area: Toledo Metropolitan Area

DEMOGRAPHICS

POPULATION: 619,600
RANK BY POPULATION: 73
POPULATION GROWTH RATE: 0.75%
UNEMPLOYMENT RATE: 5.2%
MEDIAN HOUSEHOLD INCOME: $26,870
RANK BY INCOME: 125
COST OF LIVING INDEX: 104.3
RANK BY COST OF LIVING: 27

MARKET DATA

TOTAL INVENTORY
Central City: 17,000,000 sq.ft.
Suburban: 48,000,000 sq.ft.

VACANT INVENTORY
Central City: 2,000,000 sq.ft.(11.8%).
Suburban: 3,500,000 sq.ft.(7.3%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 300,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1988 REVIEW

Toledo has an extensive transportation network consisting of several major interstate highways, a number of railroads, and the Port of Toledo. A strong U.S. economy and strong foreign demand caused this major distribution center for manufactured and agricultural goods to have a good year in 1988. Non-manufacturing industries expanded rapidly in recent years and much of the activity in the manufacturing sector was due to new spin-off businesses from large old line plants as well as expansion of newer small plants. During 1988 there was good absorption of both manufacturing and warehouse and distribution space, with a larger amount of activity in the form of sales rather than leasing.

The vacancy rate within the central city was about 12 percent while the rate in suburban areas was seven percent. Of the 400,000 square feet of space absorbed in 1988, approximately 60 percent was for warehousing and distribution and 40 percent was for manufacturing. There was a moderate oversupply of facilities with more than 100,000 square feet of space but a slight shortage of facilities containing less than 60,000 square feet.

1989 FORECAST

Gradual improving conditions should continue in 1989. Construction activity, absorption, price and lease rates are all expected to be stable to slightly better than in 1988.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	40%	0%
RATE OF NEW CONSTRUCTION**	Same	Same	Up 1-5%
DOLLAR VOLUME – SALES**	Up 1-5%	Same	n/a
DOLLAR VOLUME – LEASES**	Up 1-5%	Same	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$0.80-$1.75	$0.50-$1.50	$0.40-$1.00	$0.30-$0.75	$0.25-$0.40	$0.10-$0.20	$0.10

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are NET prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$22.00-$28.00	n/a	$3.25-$4.50	$28.00-$35.00	Moderate Shortage
5,000 to 19,999	n/a	$20.00-$25.00	n/a	$2.50-$3.50	$26.00-$32.00	Moderate Shortage
20,000 to 39,999	n/a	$18.00-$22.00	n/a	$2.25-$3.25	$22.00-$27.00	Moderate Shortage
40,000 to 59,999	n/a	$18.00-$22.00	n/a	$2.25-$3.25	$18.00-$24.00	Moderate Shortage
60,000 to 99,999	n/a	$15.00-$20.00	n/a	$2.00-$3.00	$17.00-$22.00	Balanced Market
MORE THAN 100,000	n/a	$15.00-$20.00	n/a	$2.00-$3.00	$15.00-$20.00	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	$7.00-$8.00	$45.00-$50.00	Balanced Market

TRENTON: INDUSTRIAL

Market Area:: Morris, West Essex, Union, Middlesex, Mercer, Somerset, and Monmouth Counties

1988 REVIEW

General economic activity in Central New Jersey during 1988 was strong but a little weaker than in the last few years. Most of the industrial market activity was composed of relocations and expansions of businesses already operating within the region.

The ability to service both the New York and Philadelphia markets conveniently from the area led to the primary absorption activity in the warehousing and distribution market segment with 70 percent of the space absorbed. A total of 20 percent of the absorbed space was for manufacturing, while high tech/R&D uses contributed 10 percent.

Only high tech space was oversupplied at year-end, with most sizes of buildings in moderately short supply. Market shortages were most pronounced for properties over 100,000 square feet.

1989 FORECAST

SIOR respondents expect a generally strong market in 1989, with both absorption and construction to remain near current levels in all market segments.

This strong market will not adversely affect prices in a significant degree. Sales prices are expected to remain near current levels, while lease costs are expected to escalate only one to five percent across each of the uses for industrial property.

DEMOGRAPHICS

POPULATION: 3,511,376
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $35,115
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

SITE PRICES
Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDING BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

LOCATION	IMPROVED SITES				UNIMPROVED SITES		
	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	n/a	$3.00	$2.50	$2.00	$2.00	$1.50	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$25.00	$45.00	$3.50	$6.00	n/a	Moderate Shortage
5,000 to 19,999	$22.00	$40.00	$3.00	$5.50	n/a	Moderate Shortage
20,000 to 39,999	$15.00	$38.00	$3.00	$5.50	n/a	Moderate Shortage
40,000 to 59,999	$12.00	$38.00	$2.50	$5.00	n/a	Moderate Shortage
60,000 to 99,999	$12.00	$32.00	$2.50	$4.50	n/a	Moderate Shortage
MORE THAN 100,000	$10.00	$30.00	$2.50	$4.25	n/a	Substantial Shortage
HIGH TECH/R & D	n/a	$60.00	$7.50	$10.00	n/a	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 622,400
RANK BY POPULATION: 72
POPULATION GROWTH RATE: 1.43%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $25,713
RANK BY INCOME: 160
COST OF LIVING INDEX: 102.1
RANK BY COST OF LIVING: 36

MARKET DATA

TOTAL INVENTORY
Central City: 26,250,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 4,160,000 sq.ft.(15.8%)
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

TUCSON: INDUSTRIAL

Market Area: Tucson Metropolitan Area

1988 REVIEW

Economic growth in the Tucson area was slower in 1988 than in previous years. This restricted opportunities for an active industrial real estate market. Vacancy rates in the city recorded a relatively high 15.8 percent on inventory in excess of four million square feet. Another 200,000 square feet were constructed during the year.

The strongest segment of the industrial real estate market in Tucson last year was manufacturing, which accounted for 60 percent of the space absorbed. High tech/R & D space was 30 percent of the total, while warehousing and distribution space contributed only 10 percent.

1989 FORECAST

SIOR respondents in the Tucson area expect that progress will be made toward reducing vacancies, as absorption of manufacturing and distribution space remains at current levels while new construction declines. Even more progress will be made in high tech space as demand increases while new construction declines.

The inventory problem will be the determining factor in sales prices, as declines of one to five percent are expected across all industrial property types. Lease prices for high tech/R & D properties are also expected to decline, while lease costs for other industrial facilities are expected to remain at 1988 levels.

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	10%	60%	30%
RATE OF NEW CONSTRUCTION**	Same	Down 50%	n/a
DOLLAR VOLUME – SALES**	Same	Down 1-5%	Same
DOLLAR VOLUME – LEASES**	Same	Same	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$3.00	$2.75	$2.25	$1.50	$1.00	$0.75	$0.50
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	$35.00	n/a	$5.00	n/a	$40.00	Substantial Oversupply
5,000 to 19,999	$30.00	n/a	$3.50	n/a	$35.00	Substantial Oversupply
20,000 to 39,999	$30.00	n/a	$3.00	n/a	$30.00	Moderate Oversupply
40,000 to 59,999	$30.00	n/a	$3.00	n/a	$30.00	Moderate Oversupply
60,000 to 99,999	$25.00	n/a	$2.50	n/a	$30.00	Moderate Oversupply
MORE THAN 100,000	$20.00	n/a	$2.50	n/a	$30.00	Moderate Oversupply
HIGH TECH/R & D	$50.00	n/a	$6.00	n/a	$60.00	Substantial Oversupply

TULSA: INDUSTRIAL

Market Area: Tulsa Metropolitan Area

1988 REVIEW

Economic diversification helped Tulsa, but did not protect it completely from the effects of the energy slump. A reawakening of industrial demand occurred in 1986 and 1987, as prices stopped declining and actually began to escalate for some manufacturing space. Large buildings with over 100,000 square feet were in demand. Most of the activity was in user-occupied buildings. The market for prime rental warehouse space remained soft. There was a moderate oversupply of high tech space and a substantial oversupply of small buildings with less than 5,000 square feet. Properties with good access, location, and identity had good absorption.

1989 FORECAST

In 1989, the rate of construction of all types of industrial space will remain unchanged. Absorption is expected to increase by 11 to 15 percent. As the market tightens up, sales and lease prices will increase, reversing the downward trend of the past.

DEMOGRAPHICS

POPULATION: 735,100
RANK BY POPULATION: 66
POPULATION GROWTH RATE: 0.31%
UNEMPLOYMENT RATE: 6.1%
MEDIAN HOUSEHOLD INCOME: $25,151
RANK BY INCOME: 181
COST OF LIVING INDEX: 100.2
RANK BY COST OF LIVING: 41

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 35,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 4,000,000 sq.ft.(11.4%)

NET ABSORPTION
Central City: n/a
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 120,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Owner Financing, Small Business Administration

OUTLOOK

SALES PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

LEASE PRICES
Manufacturing: Up 15-20%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

SITE PRICES
Down 1-5%

ABSORPTION
Manufacturing: Up 15-20%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: n/a
Leases: n/a

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	60%	20%
RATE OF NEW CONSTRUCTION**	Down 6-10%	Same	Down 1-5%
DOLLAR VOLUME – SALES**	Down 1-5%	Down 1-5%	Down 6-10%
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.00	$1.90	$1.80	$1.20-$1.50	$0.40-$1.00	$0.25-0.50	$0.15-$0.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$25.00	n/a	n/a	$35.00	Substantial Oversupply
5,000 to 19,999	n/a	$22.50	n/a	n/a	$27.00	Moderate Oversupply
20,000 to 39,999	n/a	$20.00	n/a	n/a	$20.00	Balanced Market
40,000 to 59,999	n/a	$18.00	n/a	n/a	$18.00	Balanced Market
60,000 to 99,999	n/a	$12.00-$20.00	n/a	n/a	$18.00	Moderate Oversupply
MORE THAN 100,000	n/a	$12.00-$20.00	n/a	n/a	$17.00	Balanced Market
HIGH TECH/R & D	n/a	$37.00-$50.00	n/a	n/a	$40.00	Moderate Oversupply

WASHINGTON D.C. METROPOLITAN AREA: INDUSTRIAL

Market Area: District of Columbia Metropolitan Area including Northern Virginia, and Suburban Maryland

DEMOGRAPHICS

POPULATION: 3,674,800
RANK BY POPULATION: 7
POPULATION GROWTH RATE: 1.97%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $39,865
RANK BY INCOME: 4
COST OF LIVING INDEX: 133.2
RANK BY COST OF LIVING: 3

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1988 REVIEW

The Washington D.C. metropolitan area was very competitive during 1988 for warehousing and distribution space. High land costs coupled with relatively stable industrial lease rates made new construction unfeasible. As a result, a shortage of bulk industrial properties such as true manufacturing space, became apparent during the year. Tenants were very selective regarding the lease and purchase of space. Potential users of industrial space purchased more projects than did investors.

1989 FORECAST

The outlook for the industrial market is sound and stable, with moderate growth. Most of the leasing and purchase activity is expected to come from within the market instead of outside the area. Business expansions should make up a significant portion of the net absorption. Built-to-suit projects should probably become more popular. The high land costs are expected to remain a deterrent to new construction in some locations throughout the metro area.

OUTLOOK

SALES PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

SITE PRICES
Up 6-10%

ABSORPTION
Manufacturing: n/a
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: n/a
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	n/a	60%
RATE OF NEW CONSTRUCTION**	Same	n/a	Same
DOLLAR VOLUME – SALES**	Same	n/a	Same
DOLLAR VOLUME – LEASES**	Up 6-10%	n/a	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$8.00-$9.50	$6.50-$7.50	$6.00	$5.75	$5.00	$3.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	$80.00	n/a	$7.00	$45.00	Balanced Market
5,000 to 19,999	n/a	$70.00-$80.00	n/a	$6.50	$37.50	Moderate Shortage
20,000 to 39,999	n/a	$60.00	n/a	$5.75-$6.25	$32.00	Balanced Market
40,000 to 59,999	n/a	$45.00	n/a	$5.50	$30.00	Balanced Market
60,000 to 99,999	n/a	$40.00-$45.00	n/a	$5.00	$25.00	Balanced Market
MORE THAN 100,000	n/a	$40.00	n/a	$4.50	$25.00	Balanced Market
HIGH TECH/R & D	n/a	$80.00-$85.00	n/a	$9.00-$10.00	$50.00	Moderate Oversupply

WICHITA: INDUSTRIAL

Market Area: Wichita Metropolitan Area

1988 REVIEW

Like most areas where a significant economic dependence is placed on industries involved in oil, the Wichita economy has had some trouble. Fortunately, the aerospace industry, which is an even more important employer has been doing well. Nevertheless, the industrial real estate market was overbuilt, with an area-wide vacancy level of 1.5 million square feet, over 28 percent of the total inventory.

Excess inventory of space prevailed in virtually every size-class of building. However, both buildings with 5,000-20,000 square feet and high tech/R & D facilities were in moderately short supply.

1989 FORECAST

SIOR respondents expect this high vacancy market to prevail in 1989. Absorption, construction, site, sales, and lease prices are all expected to remain at 1988 levels.

DEMOGRAPHICS

POPULATION: 445,900
RANK BY POPULATION: 86
POPULATION GROWTH RATE: 1.15%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $27,554
RANK BY INCOME: 95
COST OF LIVING INDEX: 94.7
RANK BY COST OF LIVING: 63

MARKET DATA

TOTAL INVENTORY
Central City: 5,300,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 1,500,000 sq.ft.(35.3%)
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

Mortage Money Supply
n/a

Prime Source of Financing
n/a

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

SITE PRICES
Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION**	Same	Same	Same
DOLLAR VOLUME – SALES**	Same	Same	Same
DOLLAR VOLUME – LEASES**	Same	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$0.25-$0.40	$0.20-$0.30	$0.25-$0.45	$0.30-$0.50	n/a	n/a	n/a
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
5,000 to 19,999	$15.00-$20.00	n/a	$2.00-$5.00	n/a	n/a	Moderate Shortage
20,000 to 39,999	$10.00-$14.00	n/a	$1.00-$3.00	n/a	n/a	Moderate Oversupply
40,000 to 59,999	$10.00-$12.00	n/a	$2.00-$3.00	n/a	n/a	Moderate Oversupply
60,000 to 99,999	$7.00-$12.00	n/a	$1.50-$2.50	n/a	n/a	Moderate Oversupply
MORE THAN 100,000	$12.00-$18.00	n/a	$0.60-$1.20	n/a	n/a	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	n/a	n/a	Moderate Shortage

WILMINGTON: INDUSTRIAL

Market Area: Wilmington Metropolitan Area Including New Castle County

1988 REVIEW

Wilmington's population and household income grew at a rate greater than the national average. Demand for industrial space was strong, as evidenced by the over one million square feet of space absorbed in the market. Warehouse and distribution space comprised 70 percent of the net absorption. Rental rates and land prices increased during the year. A moderate oversupply of space still remained, even after a year of good leasing activity. Developers bought the inventory of approved and developable land available in the market, in anticipation of restrictive land use regulations being proposed in the county plan.

1989 FORECAST

Wilmington will continue to have an oversupply of industrial space caused by projects under construction coming on line during 1989. The growth in population and increase in household income is expected to continue, as the economy remains relatively strong.

DEMOGRAPHICS

POPULATION: 577,700
RANK BY POPULATION: 82
POPULATION GROWTH RATE: 1.30%
UNEMPLOYMENT RATE: 3.6%
MEDIAN HOUSEHOLD INCOME: $29,474
RANK BY INCOME: 46
COST OF LIVING INDEX: 107.5
RANK BY COST OF LIVING: 18

MARKET DATA

TOTAL INVENTORY
Central City: 2,300,000 sq.ft.
Suburban: 9,500,000 sq.ft.

VACANT INVENTORY
Central City: 250,000 sq.ft.(10.9%)
Suburban: 950,000 sq.ft.(10.0%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 1,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 100,000 sq.ft.
Suburban: 800,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

SITE PRICES
n/a

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Same
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION**	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME – SALES**	n/a	n/a	n/a
DOLLAR VOLUME – LEASES**	Down 6-10%	Up 1-5%	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				*UNIMPROVED SITES*		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
CENTRAL CITY	$2.50	n/a	n/a	n/a	n/a	n/a	n/a
SUBURBAN	$2.25	$1.85	$1.50	n/a	n/a	$1.25	$0.80-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are GROSS prices.)

SIZE (Sq.Ft.)	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
LESS THAN 5,000	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
5,000 to 19,999	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
20,000 to 39,999	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
40,000 to 59,999	n/a	n/a	n/a	$3.50-$4.00	$26.00-$30.00	Moderate Oversupply
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply
MORE THAN 100,000	n/a	n/a	n/a	$3.00-$3.50	n/a	Moderate Oversupply
HIGH TECH/R & D	n/a	n/a	n/a	$5.00	n/a	Moderate Oversupply

INDUSTRIAL SURVEY QUESTIONNAIRE

SIOR

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
INDUSTRIAL REAL ESTATE MARKET SURVEY–1988 REVIEW/1989 FORECAST

READ CAREFULLY BEFORE FILLING OUT QUESTIONNAIRE: This questionnaire must be received by the SIOR National Office by December 15, 1988 if your report is to be included in the *1989 Guide to Industrial and Office Real Estate Markets*. For data compilation reasons, any surveys received after December 15, 1988 cannot be used.

Please type or print your answers clearly.
The individual reporter must be an active or affiliate member of SIOR.
Be sure to include both the individual's name and the firm's name.
If you have any questions, please contact:

Linda Nasvaderani
Society of Industrial and Office REALTORS®
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271 Phone (202) 383-1150

IDENTIFICATION

Reporter's Name ______________	Other Reporter's Name ______________
Firm Name ______________	Firm Name ______________
Address ______________	Address ______________
______________	______________
City ________ State ______ Zip ______	City ________ State ______ Zip ______
Business Phone ______________	Business Phone ______________

SIOR urges each reporter to provide some comments about their market area. Readers of last year's *SIOR Guide to Industrial and Office Real Estate Markets* indicated they really enjoyed the brief narrative about each market area that accompanied the data. Your specific comments will be incorporated into the 1989 report.

Comment on demand for industrial space (lease and sales): ______________

Comment on new speculative development in 1989: ______________

Comment on local/regional economy: ______________

Comment on real estate market trends in your area (e.g. user relocations or expansions, backfilling, foreign investment, etc.):

Other comments: ______________

The following definitions are given to insure uniformity of response. **USE**, not building design, determines reporting category.

DEFINITIONS

CENTRAL CITY VERSUS SUBURBAN AREAS: Since the definition of urban and suburban areas varies widely, it is the responsibility of the individual survey panelist to reflect his or her area's particular characteristics.

CONSTRUCTION: Ground must be broken. **DO NOT** include projects that are still in the planning stages.

NET ABSORPTION: Net absorption is the net change in occupied space.

HIGH TECHNOLOGY/R & D: Refers to highly improved space with 50% or more office potential and higher than normal parking.

1. TOTAL MARKET STATISTICS (Note: Unlike other questions below, this includes **ALL** prime and non-prime industrial space in the market.)

	CENTRAL CITY	SUBURBAN
Total Square Feet of Industrial Space	______________ sq.ft.	______________ sq.ft.
Total Vacant Square Feet	______________ sq.ft.	______________ sq.ft.
Vacancy Rate	______________ %	______________ %
Construction	______________ sq.ft.	______________ sq.ft.
Net Absorption	______________ sq.ft.	______________ sq.ft.

2. COMPOSITION OF ABSORPTION. Indicate the percent of total absorption attributable to each building category during 1988 (should sum to 100%).

Warehousing/Distribution _____% Manufacturing _____% High Tech/R & D _____%

3. RATE OF CONSTRUCTION. How does the rate of construction compare to a year ago?

	INCREASE					DECREASE			
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%

4. DOLLAR VOLUME – SALES. How does the dollar volume of sales of industrial properties compare to a year ago?

	INCREASE					DECREASE			
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%

5. DOLLAR VOLUME – LEASES. How does the dollar volume of leases of industrial properties compare to a year ago?

	INCREASE					DECREASE			
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other_____%

6. VACANCY INDICATORS. What is the vacancy situation for prime industrial properties?

A PRIME INDUSTRIAL BUILDING IS IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY; such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing.

	Substantial Shortage	Moderate Shortage	Balanced Market	Moderate Oversupply	Substantial Oversupply
Less than 5,000 sq.ft.	☐	☐	☐	☐	☐
5,000 to 19,999 sq.ft.	☐	☐	☐	☐	☐
20,000 to 39,999 sq.ft.	☐	☐	☐	☐	☐
40,000 to 59,999 sq.ft.	☐	☐	☐	☐	☐
60,000 to 99,999 sq.ft.	☐	☐	☐	☐	☐
100,000 sq.ft. or more	☐	☐	☐	☐	☐
High Tech/R & D	☐	☐	☐	☐	☐

7. BUILDING PRICES. Sales and lease prices of prime industrial buildings.

A Gross lease is one in which the tenant's rent includes real estate taxes and fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls. If you are reporting NET LEASE PRICES, please indicate by checking the appropriate box under the heading "LEASE PRICES."

	SALES PRICES		LEASE PRICES	
	Current Selling Price Per Sq. Ft.		Current *Annual* Lease Price Per Sq. Ft. ☐ GROSS ☐ NET	
PRIME INDUSTRIAL	*Central City*	*Suburban*	*Central City*	*Suburban*
Less than 5,000 sq.ft.	$________	$________	$________	$________
5,000 to 19,999 sq.ft.	$________	$________	$________	$________
20,000 to 39,999 sq.ft.	$________	$________	$________	$________
40,000 to 59,999 sq.ft.	$________	$________	$________	$________
60,000 to 99,999 sq.ft.	$________	$________	$________	$________
100,000 sq.ft. or more	$________	$________	$________	$________
High Tech/R & D	$________	$________	$________	$________

8. SITE PRICES AND CONSTRUCTION COSTS. Site prices and construction costs of prime industrial buildings.

CONSTRUCTION COSTS should reflect only hard construction costs such as general contractor, overhead, and profit but exclude architectural and engineering fees, financing. IMPROVED SITES ARE SITES IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY. Such sites are in a "ready-to-build" condition and are essentially level and graded and serviced with all necessary utilities. UNIMPROVED SITES ARE SITES WHICH ARE ALSO IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY AND ARE ZONED FOR INDUSTRIAL USE. Streets and utilities may not yet be installed but are reasonably close and available.

CONSTRUCTION COSTS

PRIME INDUSTRIAL	Costs Per Square Foot
Less than 5,000 sq.ft.	$________
5,000 to 19,999 sq.ft.	$________
20,000 to 39,999 sq.ft.	$________
40,000 to 59,999 sq.ft.	$________
60,000 to 99,999 sq.ft.	$________
100,000 sq.ft. or more	$________
High Tech/R & D	$________

SITE PRICES

Current Selling Price Per Square Foot

IMPROVED SITES	*Central City*	*Suburban*
Less than 2 acres	$________	$________
2 to 5 acres	$________	$________
5 to 10 acres	$________	$________
More than 10 acres	$________	$________
UNIMPROVED SITES		
Less than 10 acres	$________	$________
10 to 100 acres	$________	$________
More than 100 acres	$________	$________

9. FINANCING. What is the current prime source for financing industrial properties?

☐ Insurance Companies
☐ Pension Funds
☐ Owner Financing
☐ Commercial Banks
Other (specify) ____________________

10. MORTGAGE MONEY SUPPLY. Indicate the current mortgage money supply at the most prevalent interest rate.

☐ Ample ☐ Moderate ☐ Tight ☐ Not Available

11. OUTLOOK FOR 1989

	INCREASE					DECREASE			
CONSTRUCTION									
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-19%	☐ 11-15%	Other____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6 -10%	☐ 11-15%	Other____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
ABSORPTION									
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
SALES PRICES									
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
LEASE PRICES									
Warehousing/ Distribution	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
Manufacturing	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
High Tech/R & D	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
SITE PRICES	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
DOLLAR VOLUME									
Sales	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%
Leases	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%	☐ Same	☐ 1-5%	☐ 6-10%	☐ 11-15%	Other____%

ADDITIONAL BACKGROUND INFORMATION

SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained. Information on your market can be obtained from:

NAME	NAME
______________________________	______________________________
ADDRESS	ADDRESS
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
TYPE OF INFORMATION	TYPE OF INFORMATION
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

OFFICE MARKETS BY CITY

CANADA

DEMOGRAPHICS

POPULATION: 624,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 17,521,439 sq.ft.
Class B/CBD: 5,566,136 sq.ft.
Classes A&B/OutCBD: 9,826,901 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,987,230 sq.ft.
Class B/CBD: 1,312,740 sq.ft.
Classes A&B/OutCBD: 2,362,695 sq.ft.

VACANCY RATES
Class A/CBD: 11.3%
Class B/CBD: 23.6%
Classes A&B/OutCBD: 24.0%

SUBLEASE INVENTORY
Class A: 225,622 sq.ft.
Class B: 166,080 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 2,254,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: 128,500 sq.ft.

NET ABSORPTION
Class A/CBD: 446,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 140,000 sq.ft.
Class B/OutCBD: 20,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $25-$30 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $2.00 per sq.ft.
OutCBD: $2.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Sales Energy
Minor Activity:	Insurance Business Services Finance/Banking Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

CALGARY: OFFICE

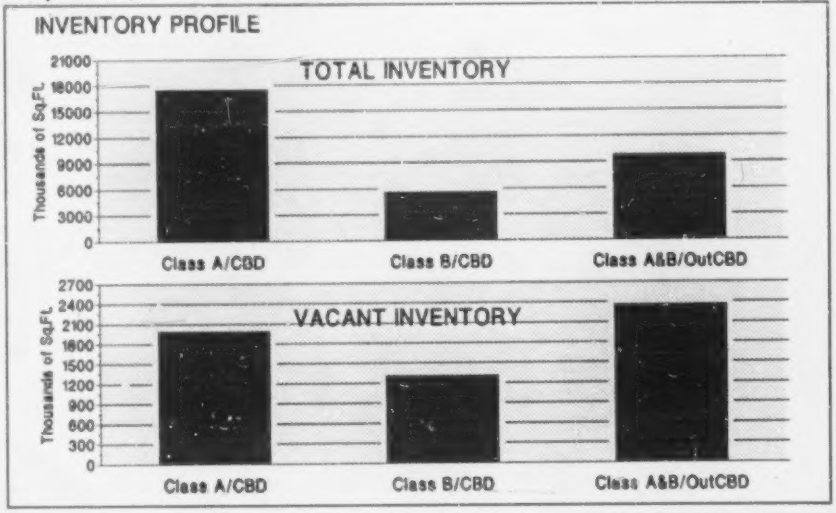
Market Area: Calgary Metropolitan Area.

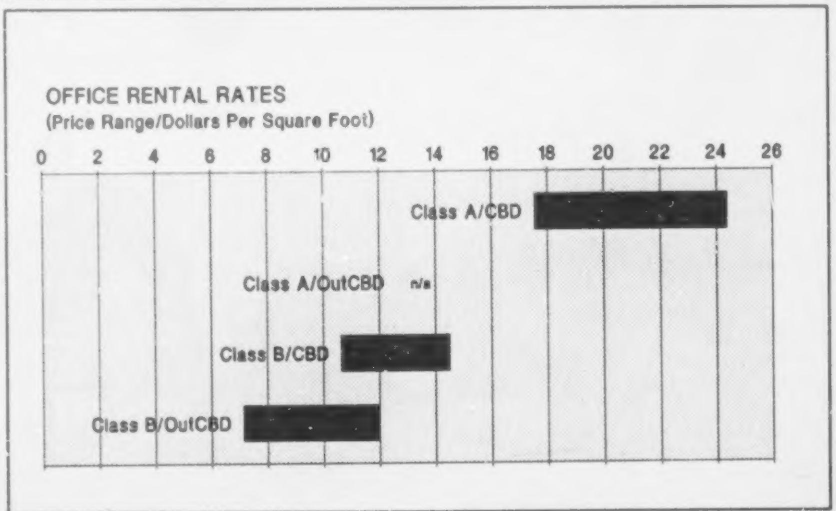
1988 REVIEW

Acquisitions and mergers were the key factor that affected the office building market during 1988. Landlords upgraded their buildings and enticed some tenants to move from Class A space to the upgraded Class B properties.

1989 FORECAST

Much of Calgary's office leasing market will still be tied to the oil and gas sector. Thus, demand for space will be moderate during the next twelve months. Current growth levels will probably not continue. However, the economy should avoid a recession. An 800,000 square foot office tower will come on-line during the year. The building is already 50 percent preleased. The remaining available square footage, 400,000 square feet, equals the total absorption of Class A space reported for 1988. The net effect of all of the market forces will be a slight decrease, one to five percent, in vacancies.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 35-40%

MONTREAL: OFFICE

Market Area: Montreal Metropolitan Area

1988 REVIEW

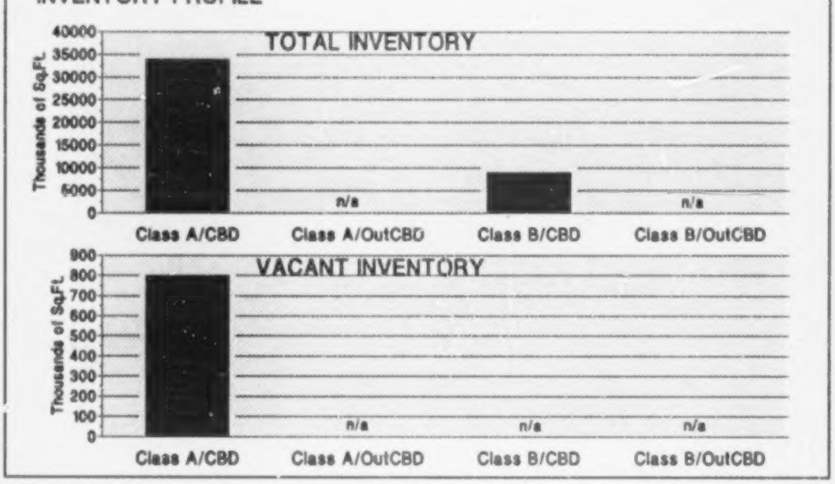
The local Montreal economy remained strong in 1988. Office leasing performance was excellent from the point of view of the landlord. The Montreal Urban Community Area remained at the forefront of the business growth in Canada.

By mid-1988, new office developments totalled 2,600,000 square feet in the city. Vacancy rates in Class A and Class B buildings decreased.

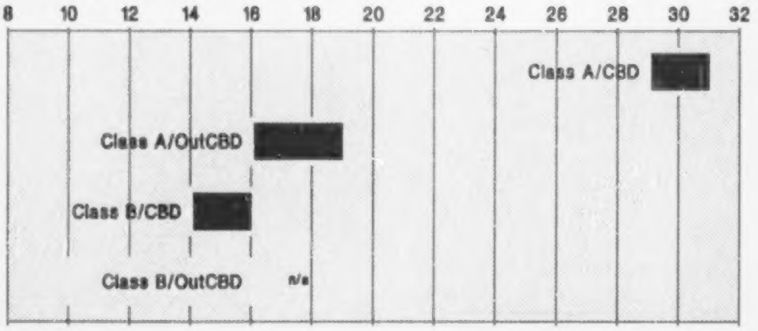
1989 FORECAST

The Montreal economy, and office market, should continue to be strong in 1989. New speculative development is expected to total 3,500,000 square feet for the 1989-1990 period. Absorption should increase by one to five percent in 1989.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 2,921,357 (1986)
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 34,000,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 9,000,000 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 800,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 2.4%
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 3,500,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 2,000,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: n/a

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Insurance Finance/Banking
Minor Activity:	Legal/Accounting Business Services Sales Engineering/Architecture Government

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: n/a
VACANCIES: n/a
RENTAL RATES: n/a
LANDLORD CONCESSIONS: n/a

DEMOGRAPHICS

POPULATION: 3,427,168 (1986)
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.5%
MEDIAN HOUSEHOLD INCOME: $28,765
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 34,145,969 sq.ft.
Class A/OutCBD: 20,201,751 sq.ft.
Class B/CBD: 18,674,165 sq.ft.
Class B/OutCBD: 21,506,146 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,525,894 sq.ft.
Class A/OutCBD: 2,260,288 sq.ft.
Class B/CBD: 558,532 sq.ft.
Class B/OutCBD: 1,870,382 sq.ft.

VACANCY RATES
Class A/CBD: 4.5%
Class A/OutCBD: 11.2%
Class B/CBD: 3.0%
Class B/OutCBD: 8.7% .

SUBLEASE INVENTORY
Class A: 477,058 sq. ft.
Class B: 323,046 sq. ft.

CURRENT CONSTRUCTION
Class A/CBD: 4,131,682 sq.ft.
Class A/OutCBD: 4,318,500 sq.ft.
Class B/CBD: 1,377,428 sq.ft.
Class B/OutCBD: 1,679,500 sq.ft.

NET ABSORPTION
Class A/CBD: 1,307,250 sq.ft.
Class A/OutCBD: 5,255,250 sq.ft.
Class B/CBD: 435,750 sq.ft.
Class B/OutCBD: 1,160,750 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $30 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES
CBD: $10-$13 per sq.ft.
OutCBD: $5-$9 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Business Services
Sales
Finance/Banking
Minor Activity: Legal/Accounting
Engineering/Architecture
Insurance
Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

TORONTO: OFFICE

Market Area: Toronto Metropolitan Area

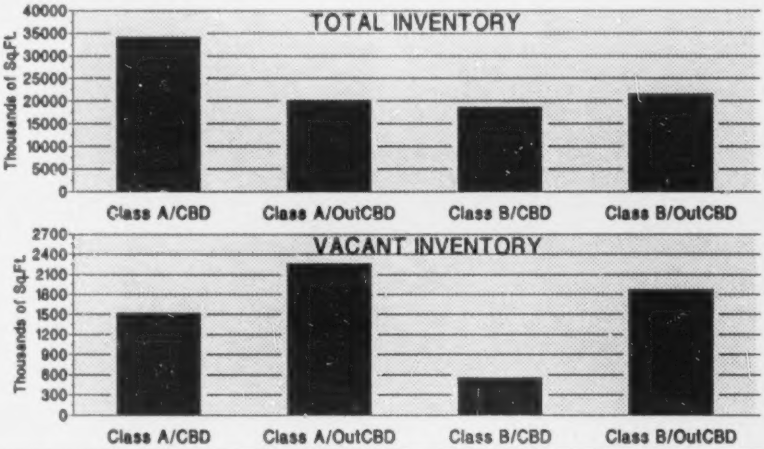
1988 REVIEW

By the end of 1988 the inventory of office space in Toronto reached more than 94 million square feet. Although approximately 7.3 million square feet of space was added, absorption was 8.2 million, and the vacancy rate increased only marginally. The strength of the downtown market was illustrated by the fact that there was preleasing activity in buildings not coming onto the market until 1990, 1991 and 1992. This condition was not paralleled in the suburbs where the vacancy rate was high and expected to be higher in 1989.

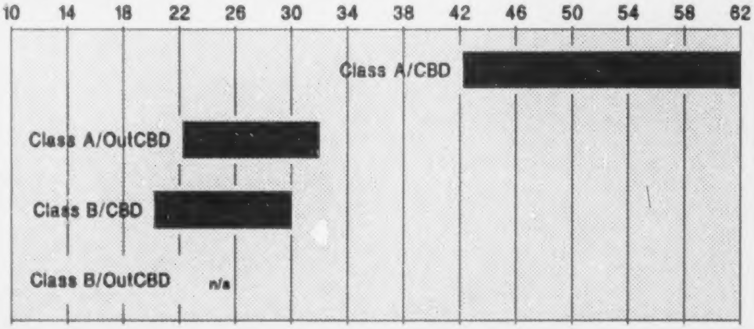
1989 FORECAST

Estimates for 1989 are not as strong as last year. Absorption is expected to fall to 5.5 million square feet, resulting in a vacancy rate of 8.9 percent by the end of the year. Large blocks of space in the CBD will be at a premium. During 1989 more than 80 percent of total new market supply will be in the suburbs. This will create a situation where absorption will not offset the new construction. This will cause an increase in vacancy rates. Developer confidence remains strong and projected construction seems high to some real estate experts in Toronto.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements
Cash
Lease Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

ENGLAND

LONDON: OFFICE

Market Area: London Metropolitan Area

1988 REVIEW

All information is presented in U.S. dollars.

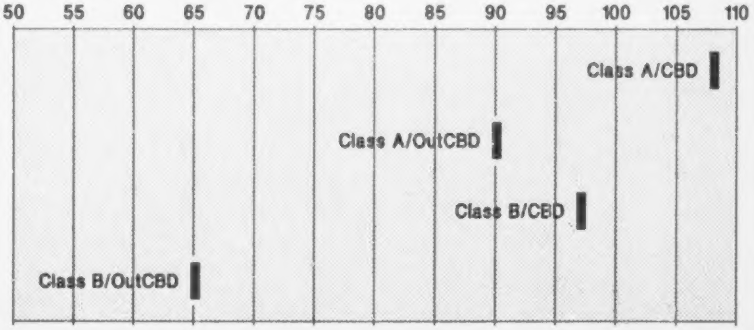
London's economy continued to be based on the strength of the financial and service sectors. High demand for new and modern office space was evident during 1988. Most office leasing activity was created by firms expanding and relocating to other buildings. Lease concessions were not a typical consideration in lease negotiations, and they did not significantly reduce rental rates. In fact, only additional interior improvements were offered as possible lease concessions.

1989 FORECAST

Construction is expected to increase by as much as 20 percent during 1989. Absorption will increase but not enough to decrease vacancy rates. Vacancy rates will probably increase six to ten percent. Pre-leasing will become necessary before beginning new construction.

n/a

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on quantity or dollars per square foot. Approximate dollar value: $40 per sq.ft.

TYPICAL PARKING RATIO
CBD: 0
OutCBD: 0

AVERAGE UTILITY RATES
CBD: $9.50 per sq.ft.
OutCBD: $8.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Minor Activity: Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 20%
VACANCIES: Up 6-10%
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Up 1-5%

FRANCE

PARIS: OFFICE

Market Area: Paris Metropolitan Area

1988 REVIEW

France's 1988 Gross National Product was a lot higher than the rate of inflation for the first time since 1970. Within the Paris area, the demand for office space was 40 percent higher in 1988 than in 1987.

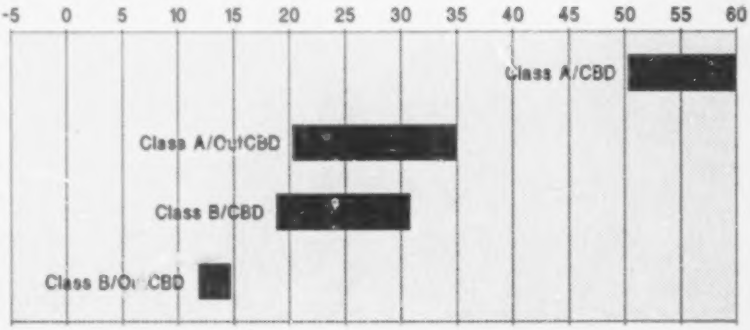
Foreign investors became more active in the Paris market. Japanese banks gradually entered the market.

1989 FORECAST

Construction of new office space should continue strong in 1989. La Defense, west of Paris, Europe's largest business center of 25,000,000 square feet should continue to grow, in 1989.

n/a

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement

RENTAL RATE DISCOUNT FACTOR: n/a

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
n/a

TYPICAL PARKING RATIO
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES
n/a

OPERATING COST ESCALATION
n/a

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Consultants
Business Services
Minor Activitiy: Fashion
Advertising
Communication
Sales
Government

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: n/a
VACANCIES: n/a
RENTAL RATES: n/a
LANDLORD CONCESSIONS: n/a

MEXICO

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 500,000 sq.ft.
Class A/OutCBD: 18,000,000 sq.ft.
Class B/CBD: 4,000,000 sq.ft.
Class B/OutCBD: 84,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 500,000 sq.ft.

VACANCY RATES
Class A/CBD: 0%
Class A/OutCBD: 1.1%
Class B/CBD: 0%
Class B/OutCBD: 0.6%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 800,000 sq.ft.

NET ABSORPTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER
Typically based on quantity or $/sq.ft.?: n/a. Approximate dollar value: n/a

TYPICAL PARKING RATIO
CBD: 1 per 10,000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES
CBD: $0.30 per sq.ft.
OutCBD: $0.24 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 40%
LANDLORD CONCESSIONS: Same

MEXICO CITY: OFFICE

Market Area: Mexico City Metropolitan Area

1988 REVIEW

Mexico City's economy mirrored Mexico's economy in 1988. The economy was weak due to the fall in international oil prices and the enormous public debt, both internal and external.

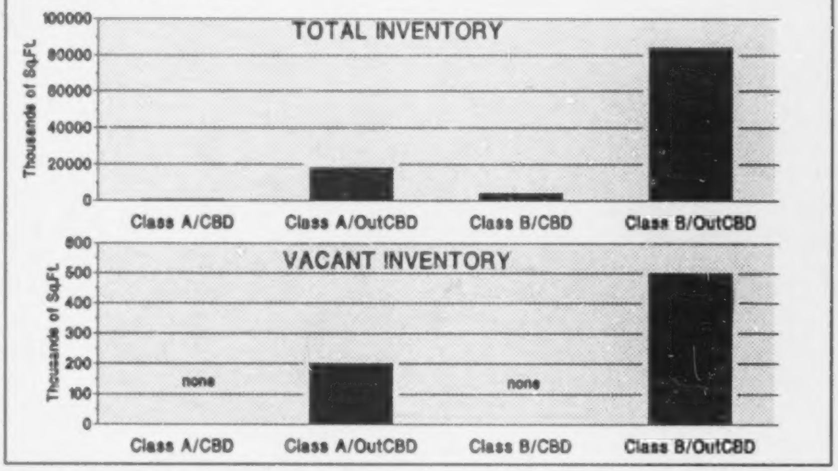
Due to severe earthquakes in 1985, 1988 office market activities consisted of the reconstruction and decentralization of existing sites as opposed to the building of new sites.

1989 FORECAST

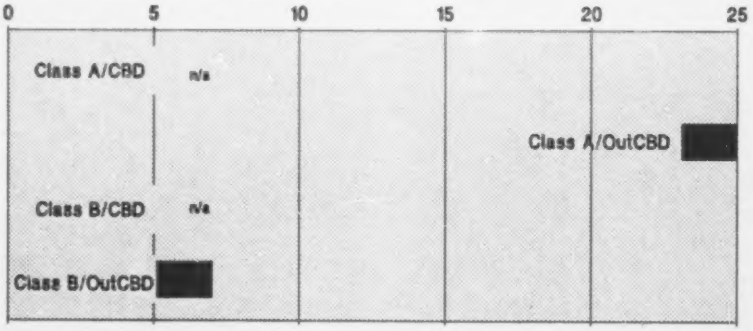
Office space availability should increase in 1989, since vacancies in neighboring downtown areas will increase. This will be a consequence of the government decentralization programs.

Overall, rental rates should increase up to 40 percent. Absorption, construction and vacancy rates are expected to increase one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking

RENTAL RATE DISCOUNT FACTOR: 0-5%

NORWAY

OSLO: OFFICE

Market Area: Oslo Metropolitan Area

1988 REVIEW

THe Oslo economy was soft in 1988. Many firms suffered losses. The shipping industry showed the exception. Interest rates ranged from 15 to 20 percent.

There was a lot of available office space in 1988, and demand was relatively good for purchasing space. However, the lease market remained soft.

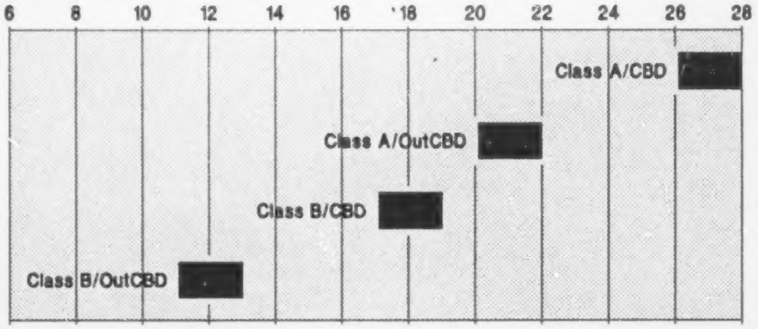
1989 FORECAST

Interest rates are expected to remain high in 1989. Therefore demand for office space should mirror 1988 levels. Most big projects will be postponed in 1989, because of the situation in the lease market.

Overall, absorption and rental rates are expected to maintain 1988 levels. Landlord concessions should increase six to 10 percent, while vacancies should decrease six to 10 percent.

n/a

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: n/a

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Approximate dollar value: n/a

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 500 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a

LEASING ACTIVITY PROFILE:

n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: n/a
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: 6-10%

UNITED STATES

DEMOGRAPHICS

POPULATION: 848,600
RANK BY POPULATION: 59
POPULATION GROWTH RATE: 0.80%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $27,523
RANK BY INCOME: 97
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,433,800 sq.ft.
Class A/OutCBD: 2,767,500 sq.ft.
Class B/CBD: 1,372,500 sq.ft.
Class B/OutCBD: 2,023,300 sq.ft.

VACANT INVENTORY
Class A/CBD: 122,950 sq.ft.
Class A/OutCBD: 149,700 sq.ft.
Class B/CBD: 48,150 sq.ft.
Class B/OutCBD: 173,300 sq.ft.

VACANCY RATES
Class A/CBD: 5.1%
Class A/OutCBD: 5.4%
Class B/CBD: 3.5%
Class B/OutCBD: 8.6%

SUBLEASE INVENTORY
Class A: 32,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 259,500 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 97,550 sq.ft.
Class A/OutCBD: 238,300 sq.ft.
Class B/CBD: 36,850 sq.ft.
Class B/OutCBD: 71,300 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-$20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25-$1.50 per sq.ft.
OutCBD: $1.25-$1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Sales Finance/Banking Government
Minor Activity:	Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

ALBANY: OFFICE

Market Area: Downtown Albany, Colonie, Guilderland, Bethlehem, Clifton Park, East Greenbush

1988 REVIEW

The Capital District experienced expansion in every sector over the last five years. Suburban areas enjoyed steady office absorption over the past three-year period. The central city leasing activity lessened, however occupancy continued at a high level. Demand to purchase owner/user buildings was high in both the central city and the suburbs.

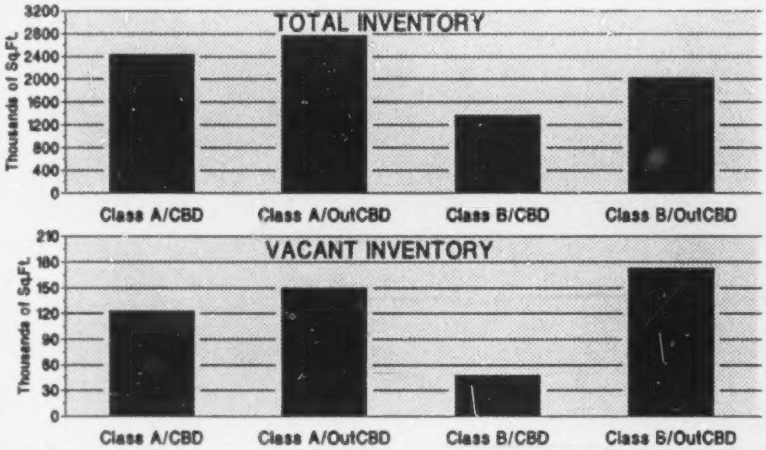
Developers guarded against overbuilding. Most leasing activity was Class A tenants moving to other Class A buildings. The office condo activity was not prevalent, nor was foreign investment.

1989 FORECAST

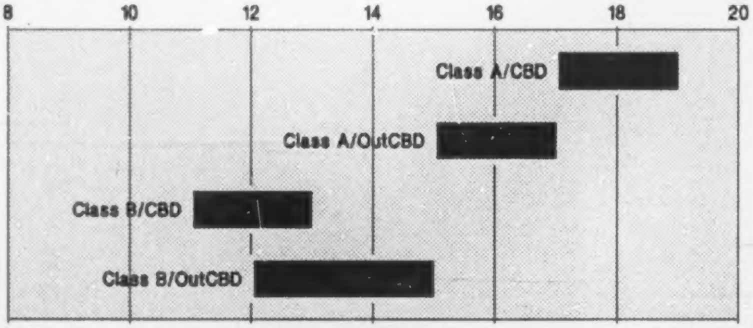
The 1989 regional economy could be substantially affected during the New York State governmental budget process. The area relies heavily on the state government.

Current trends in speculative office development should continue into 1989. Most speculative development is expected to be very limited and begin only after a major lease is secured. However, the market could change in that outside investors and developers are expected to take a closer look at the Albany market.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 484,800
RANK BY POPULATION: 84
POPULATION GROWTH RATE: 1.26%
UNEMPLOYMENT RATE: 5.0%
MEDIAN HOUSEHOLD INCOME: $26,096
RANK BY INCOME: 142
COST OF LIVING INDEX: 104.1
RANK BY COST OF LIVING: 28

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,140,000 sq.ft.
Class A/OutCBD: 1,970,000 sq.ft.
Class B/CBD: 1,010,000 sq.ft.
Class B/OutCBD: 3,380,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 110,000 sq.ft.
Class A/OutCBD: 130,000 sq.ft.
Class B/CBD: 460,000 sq.ft.
Class B/OutCBD: 601,300 sq.ft.

VACANCY RATES
Class A/CBD: 9.6%
Class A/OutCBD: 6.6%
Class B/CBD: 45.5%
Class B/OutCBD: 17.8%

SUBLEASE INVENTORY
Class A: 35,000 sq.ft.
Class B: 110,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 303,000 sq.ft.
Class A/OutCBD: 231,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 86,000 sq.ft.

NET ABSORPTION
Class A/CBD: 90,000 sq.ft.
Class A/OutCBD: 120,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 115,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.50 per sq.ft.
OutCBD: $2.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.00 per sq.ft.

LEASING ACTIVITY PROFILE
Minor Activity: Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

ALBUQUERQUE: OFFICE

Market Area: Albuquerque Metropolitan Area

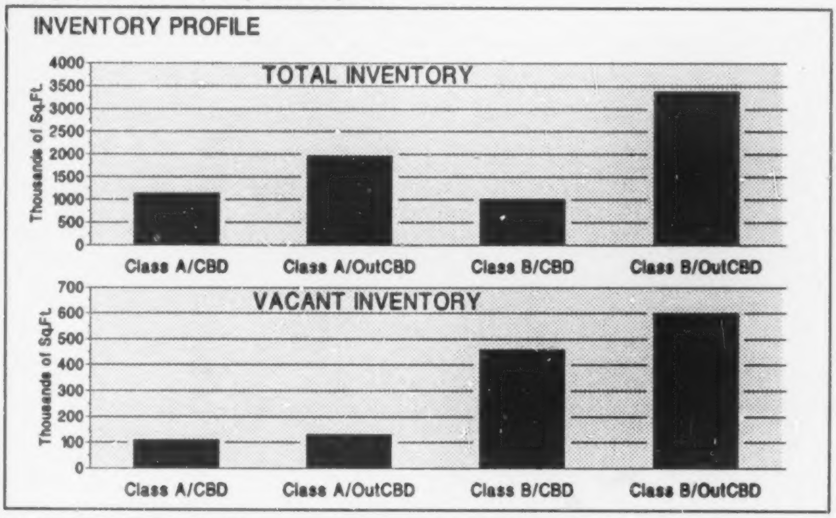
1988 REVIEW

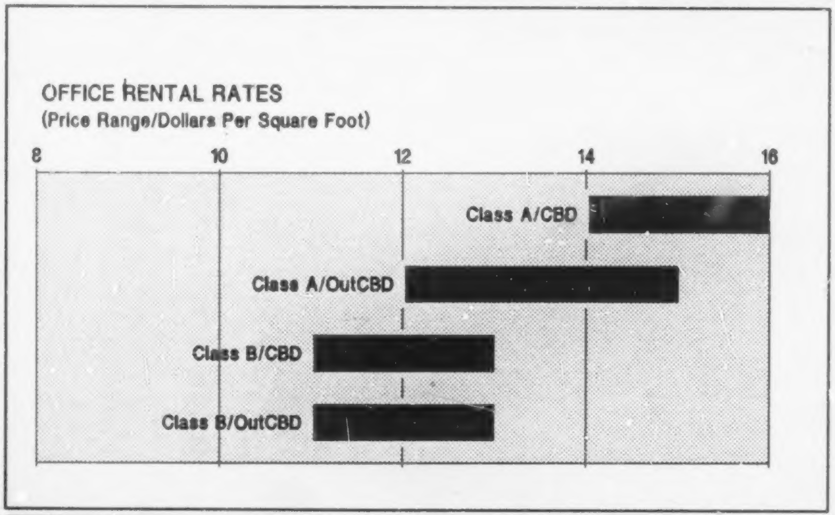
Following a period of overbuilding, commercial real estate activity was flat in Albuquerque during 1988. The city government proceeded with plans to improve the highway infrastructure.

The city's location on the main line of the Santa Fe railroad and at the junction of major east-west and north-south highways, continued to provide good access for incoming raw materials and distribution of finished products. The economy was boosted by defense spending and government employment, which filled the gap created by depressed prices in the mineral and agriculture industries.

1989 FORECAST

The city of Albuquerque is proposing a 10-year development program which will create a downtown cultural center. The improved highway infrastructure will enhance future commercial development in the metro area. New job growth will be the key to the return of a strong real estate market. Available and affordable housing should help attract new businesses to the area.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 2,646,800
RANK BY POPULATION: 10
POPULATION GROWTH RATE: 1.68%
UNEMPLOYMENT RATE: 4.4%
MEDIAN HOUSEHOLD INCOME: $30,804
RANK BY INCOME: 33
COST OF LIVING INDEX: 110.8
RANK BY COST OF LIVING: 16

MARKET DATA

TOTAL INVENTORY
Classes A&B/CBD: 17,741,286 sq.ft.
Classes A&B/OutCBD: 52,594,605 sq.ft.

VACANT INVENTORY
Classes A&B/CBD: 2,946,482 sq.ft.
Classes A&B/OutCBD: 8,715,373 sq.ft.

VACANCY RATES
Classes A&B/CBD: 16.6%
Classes A&B/OutCBD: 16.6%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Classes A&B/CBD: 1,034,000 sq.ft.
Classes A&B/OutCBD: 4,378,073 sq.ft.

NET ABSORPTION
Classes A&B/CBD: 592,200 sq.ft.
Classes A&B/OutCBD: 3,045,909 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50-$2.00 per sq.ft.
OutCBD: $1.00-$1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Insurance
Government
Sales
Minor Activity: Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

ATLANTA: OFFICE

Market Area: Atlanta Metropolitan Area

1988 REVIEW

Atlanta's boom economy leveled off in 1988. However, local employment and other economic figures still registered above the national average. Outside the central city area, where rapid expansion occurred, the economy suffered symptoms of overexpansion.

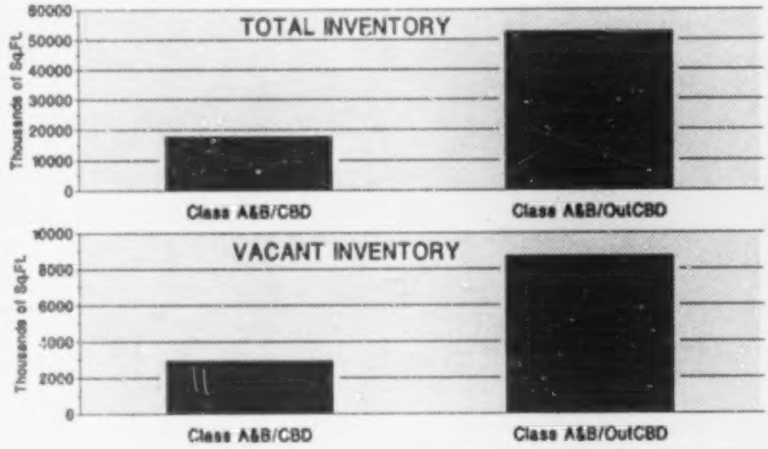
The office leasing market was still active in 1988. It was a tenant's market, particularly with regard to concessions. At the end of the year the market began to tighten as construction starts slowed.

1989 FORECAST

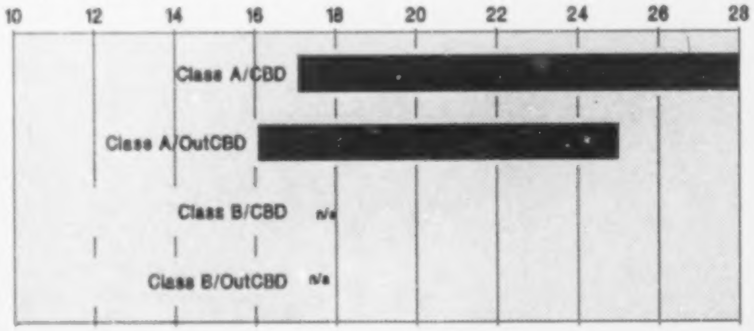
In 1989, companies considering relocation to Atlanta will research the possibilities more thoroughly. Also, there should be a re-emergence of the sublease market due to the growing gap between existing and new rental rates.

No new speculative office development is planned for the area in 1989. Water and sewer issues as well as a 30 percent preleasing requirements by financiers will discourage development. New space may be created by renovating old space.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 12-18%

DEMOGRAPHICS

POPULATION: 750,100
RANK BY POPULATION: 64
POPULATION GROWTH RATE: -0.02
UNEMPLOYMENT RATE: 5.0%
MEDIAN HOUSEHOLD INCOME: $28,703
RANK BY INCOME: 58
COST OF LIVING INDEX: 100.2
RANK BY COST OF LIVING: 41

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,192,433 sq.ft.
Class A/OutCBD: 4,908,296 sq.ft.
Class B/CBD: 4,407,991 sq.ft.
Class B/OutCBD: 7,770,716 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,473,453 sq.ft.
Class A/OutCBD: 2,125,809 sq.ft.
Class B/CBD: 963,003 sq.ft.
Class B/OutCBD: 2,515,263 sq.ft.

VACANCY RATES

Class A/CBD: 46.2%
Class A/OutCBD: 43.3%
Class B/CBD: 21.8%
Class B/OutCBD: 32.4%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 243,691 sq.ft.
Class A/OutCBD: 196,421 sq.ft.
Class B/CBD: 113,585 sq.ft.
Class B/OutCBD: 217,720 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $22/sq.ft (CBD); $18/sq.ft. (OutCBD)

TYPICAL PARKING RATIO

CBD: 1 per 600 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity: Legal/Accounting
Business Services
Sales
Government
Minor Activity: Insurance
Finance Banking

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Down 6-10%
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Same

AUSTIN: OFFICE

Market Area: Austin Metropolitan Area

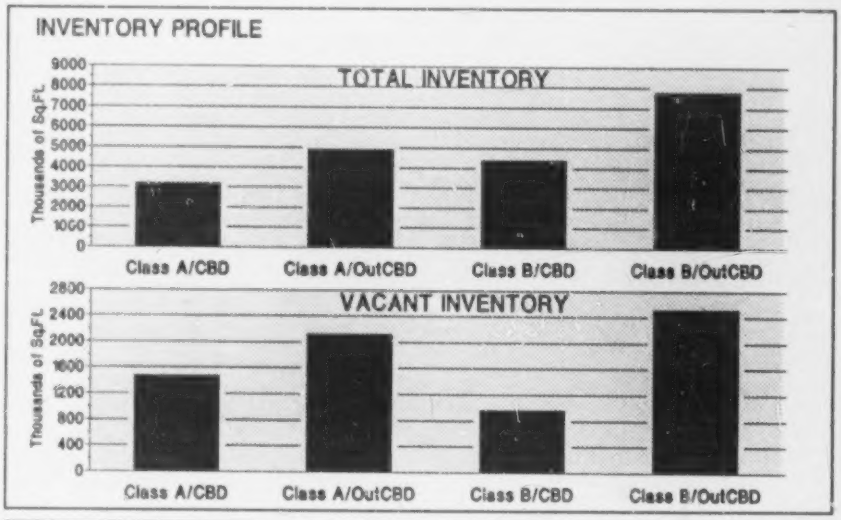
1988 REVIEW

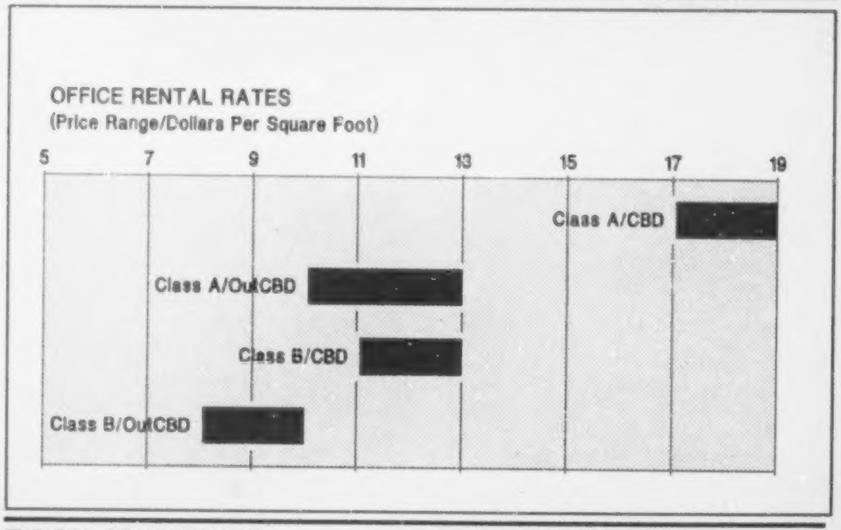
Demand for office space increased slowly during 1988. Demand came from both inside and outside of the city. The recovery of established businesses was slow but steady while the resurgence of new, especially high tech firms, was fast-paced. Austin was overbuilt with very high vacancies in Class A buildings in both the CBD and the suburbs, exceeding 40 percent in both areas. Class B properties were better, with vacancies at 22 percent in the downtown area and 32 percent outside the CBD.

1989 FORECAST

Due to the high vacancies and a lack of available financing, new construction will be non-existent in 1989. The SIOR report from Austin indicates that slow growth in demand (particularly in Class A buildings) will cause a decrease in vacancies and an increase in absorption and rental rates. Expansion by existing tenants will provide part of this absorption.

This slow growth will prompt a gradual decrease in lease concessions owners will make, but the time required to complete a transaction will lengthen.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Parking
Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

BALTIMORE: OFFICE

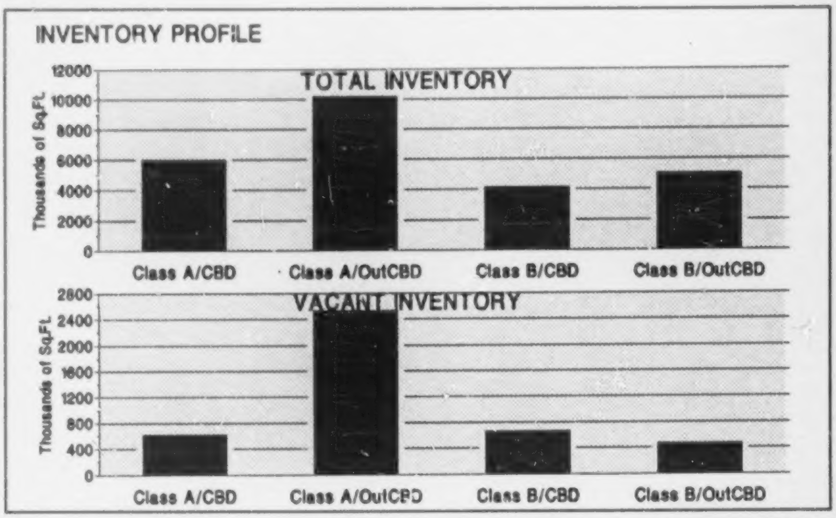
Market Area: Baltimore Metropolitan Area

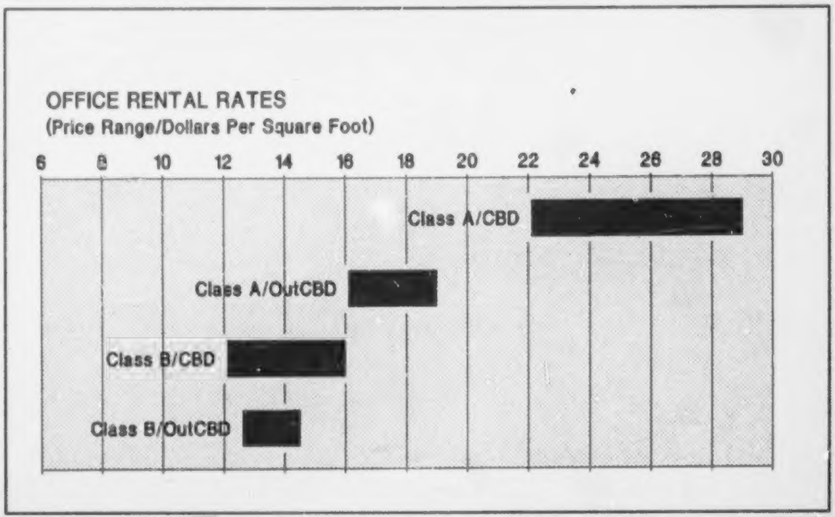
1988 REVIEW

Baltimore's office market experienced a record year in 1988 as the market absorbed over two million square feet of space. The Towson-Hunt Valley corridor north of the City led the way, but all submarkets showed strength. The active absorption was reinforced by an active construction market, accounting for over two million square feet of new space. Accordingly, vacancy rates remained fairly high. Class A/CBD space was much more expensive that other classes, averaging $22-29 per square foot.

1989 FORECAST

The SIOR respondents expect the resurgence of Baltimore to continue, with a slight increase in absorption in 1989, coupled with another strong construction year. Vacancy levels should be somewhat reduced. Both quoted and effective rents are expected to increase, with a one to five percent increase in the quoted rents reinforced by a one to five percent decline in landlord concessions.





TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 2,304,000
RANK BY POPULATION: 14
POPULATION GROWTH RATE: 0.81%
UNEMPLOYMENT RATE: 5.3%
MEDIAN HOUSEHOLD INCOME: $30,269
RANK BY INCOME: 37
COST OF LIVING INDEX: 105.7
RANK BY COST OF LIVING: 21

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 6,026,669 sq.ft.
Class A/OutCBD: 10,181,528 sq.ft.
Class B/CBD: 4,176,302 sq.ft.
Class B/OutCBD: 5,060,611 sq.ft.

VACANT INVENTORY
Class A/CBD: 623,146 sq.ft.
Class A/OutCBD: 2,536,837 sq.ft.
Class B/CBD: 666,054 sq.ft.
Class B/OutCBD: 471,250 sq.ft.

VACANCY RATES
Class A/CBD: 10.3%
Class A/OutCBD: 24.9%
Class B/CBD: 15.9%
Class B/OutCBD: 9.3%

SUBLEASE INVENTORY
Class A: 75,176 sq.ft.
Class B: 26,640 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 781,500 sq.ft.
Class A/OutCBD: 465,317 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 347,800 sq.ft.

NET ABSORPTION
Class A/CBD: 445,326 sq.ft.
Class A/OutCBD: 1,407,156 sq.ft.
Class B/CBD: 316,350 sq.ft.
Class B/OutCBD: 220,684 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.51 per sq.ft.
OutCBD: $1.54 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $5.25 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Sales Finance/Banking
Minor Activity:	Engineering/Architecture Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 923,500
RANK BY POPULATION: 55
POPULATION GROWTH RATE: 0.91%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $23,523
RANK BY INCOME: 225
COST OF LIVING INDEX: 99
RANK BY COST OF LIVING: 46

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,230,349 sq.ft.
Class A/OutCBD: 2,667,680 sq.ft.
Class B/CBD: 1,636,562 sq.ft.
Class B/OutCBD: 3,570,484 sq.ft.

VACANT INVENTORY
Class A/CBD: 267,123 sq.ft.
Class A/OutCBD: 437,682 sq.ft.
Class B/CBD: 554,466 sq.ft.
Class B/OutCBD: 693,062 sq.ft.

VACANCY RATES
Class A/CBD: 12.0%
Class A/OutCBD: 16.4%
Class B/CBD: 33.9%
Class B/OutCBD: 19.4%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 610,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 120,000 sq.ft.
Class A/OutCBD: 195,000 sq.ft.
Class B/CBD: 75,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.85 per sq.ft.
OutCBD: $1.76 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.00-$4.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services
Minor Activity:	Insurance Finance/Banking Engineering/Architecture Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

BIRMINGHAM: OFFICE

Market Area: Birmingham, Highway 280 area, Homewood, Riverchase, and Vestavia

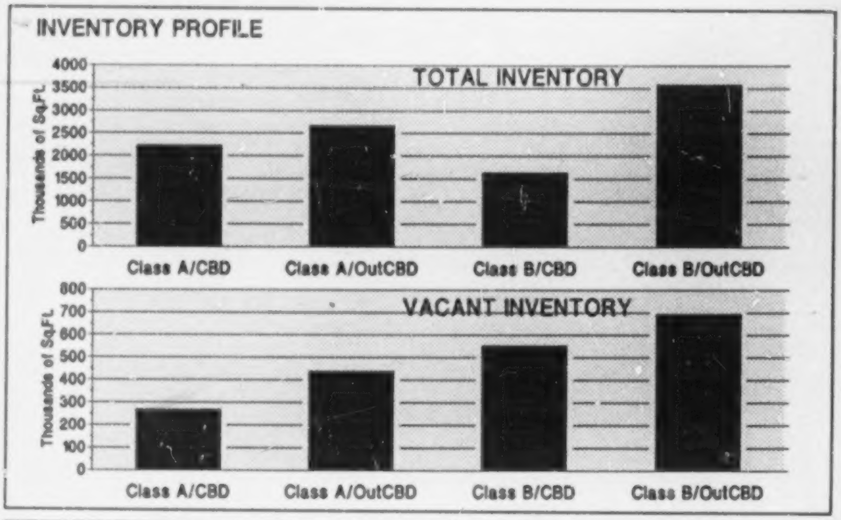
1988 REVIEW

Birmingham continued to shift from an industrial to a service-based economy, with an emphasis on health care, research, engineering, and distribution. The office leasing market was extremely competitive. Most of the leasing activity was from firms moving from one location to another within the Birmingham area. The higher vacancy rates for Class B space over Class A space, indicates that tenants upgraded their space. There was some demand for the purchase of Class A buildings; but, sales of Class B buildings were minimal.

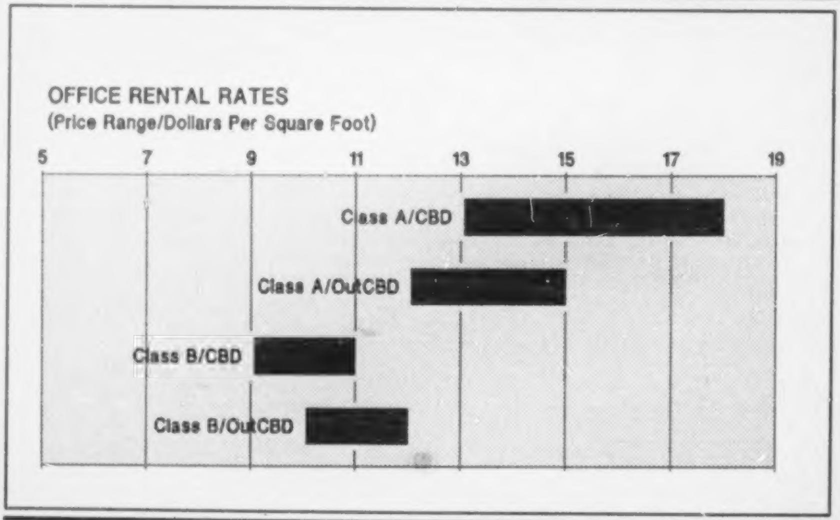
1989 FORECAST

Demand for office space is expected to continue through 1989. The anticipated growth of the service sector should maintain the need for office space. Most of the new office buildings will be constructed in the suburbs. The multi-million dollar expansion of the Birmingham Civic Center will enhance economic activity in the downtown area. The southern corridors of the city, Route 280, Interstate 459, and Interstate 65, will continue to develop.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 3,717,800
RANK BY POPULATION: 6
POPULATION GROWTH RATE: 1.22%
UNEMPLOYMENT RATE: 2.5%
MEDIAN HOUSEHOLD INCOME: $32,012
RANK BY INCOME: 23
COST OF LIVING INDEX: 149.2
RANK BY COST OF LIVING: 1

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 39,700,000 sq.ft.
Class A/OutCBD: 46,800,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 4,500,000 sq.ft.
Class A/OutCBD: 7,100,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 11.3%
Class A/OutCBD: 15.5%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 2,000,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 2,300,000 sq.ft.
Class A/OutCBD: 1,700,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 1,700,000 sq.ft.
Class A/OutCBD: 4,700,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-$40 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 3500 sq.ft.

AVERAGE UTILITY RATES
CBD: $.50-$.75 per sq.ft.
OutCBD: $.50-$.75 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$4.00-$5.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Engineering/Architecture
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Government

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Down 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: n/a
LANDLORD CONCESSIONS: Up 1-5%

BOSTON: OFFICE

Market Area: Boston Metropolitan Area

1988 REVIEW

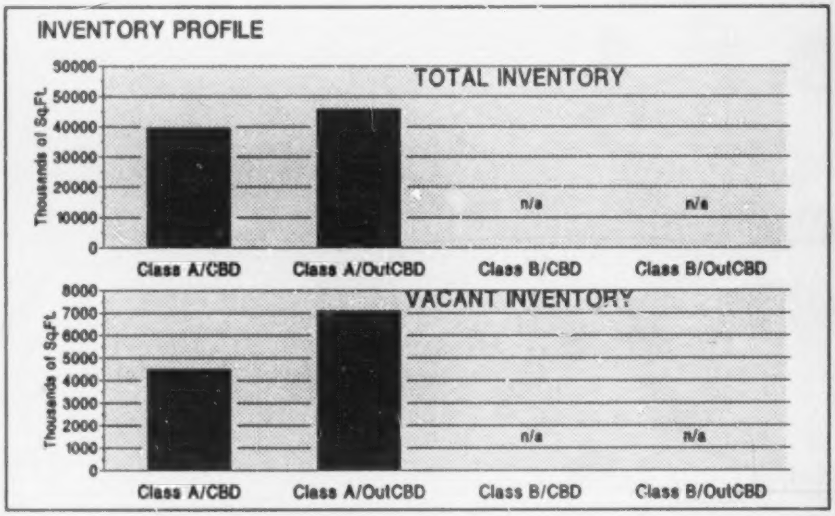
In 1988, the local economy slowed its expansion somewhat. Financial management companies shrunk in size and stopped leasing space. Also, the legal sector showed flat to slight expansion.

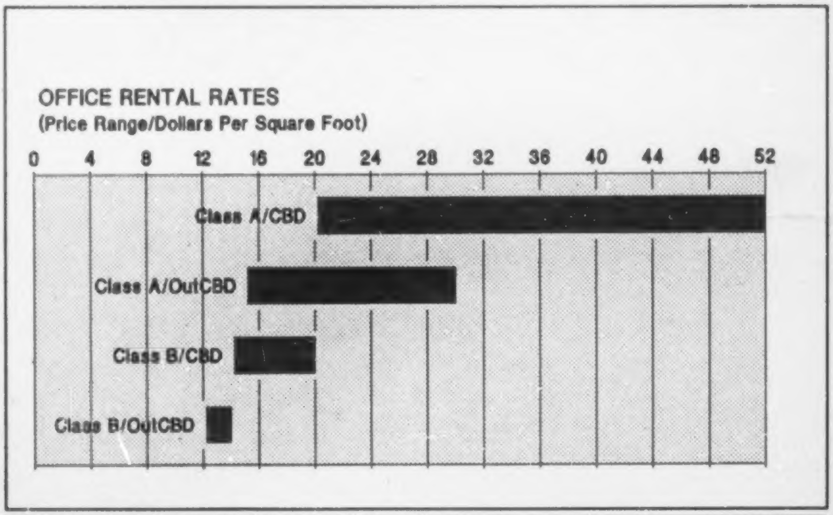
Large users of office space were scarce; most leases were for small tenants. Additionally, back office relocations from the central city occurred because of the difference in central city and suburban rental rates.

1989 FORECAST

The slow down of the local economy is expected to continue into 1989. Since most large office tenants will have already made their deals, the city should expect a decline in central city absorption by as much as six to 10 percent. Also, suburban construction should decrease due to the already large amount of space for lease.

Landlord concessions should increase one to five percent in 1989. Vacancies may also increase one to five percent.





TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 10-20%

DEMOGRAPHICS

POPULATION: 822,800
RANK BY POPULATION: 61
POPULATION GROWTH RATE: 1.02%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $38,873
RANK BY INCOME: 6
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 375,000 sq.ft.
Class A/OutCBD: 2,200,000 sq.ft.
Class B/CBD: 3,000,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 200,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 53.3%
Class A/OutCBD: 18.2%
Class B/CBD: 10.0%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 56,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 350,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $25 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2 per 1000 sq.ft.
OutCBD: 3 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Business Services
Minor Activity: Legal/Accounting
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Down 6-10%
LANDLORD CONCESSIONS: Up 11-15%

BRIDGEPORT: OFFICE

Market Area: Bridgeport, Stratford, Fairfield, Monroe, Trumbull, Shelton

1988 REVIEW

The Bridgeport economy was very healthy in 1988. The demand for office lease space was strong for Class A space and fair for Class B space. Sales were fair for Class A space.

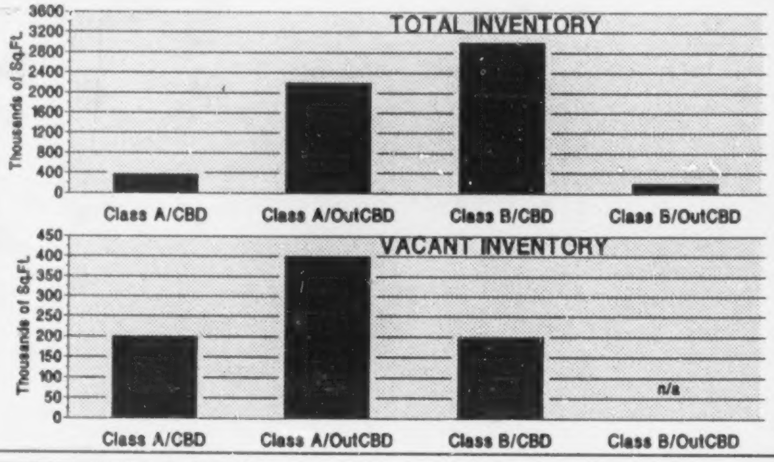
Office relocations came from other parts of the county. Also, existing firms expanded in 1988.

1989 FORECAST

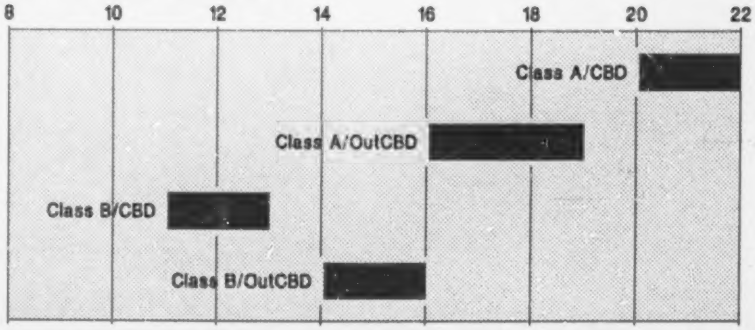
The local economy will continue to grow in 1989. Approximately 600,000 square feet of Class A space are planned for development.

Overall, absorption should increase one to five percent. Construction and landlord concessions are expected to increase 11 to 15 percent. Rental rates should decrease six to 10 percent, while vacancies increase six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Moving Allowance
Additional Interior Improvements
Health Clubs

RENTAL RATE DISCOUNT FACTOR: 11-15%

BUFFALO: OFFICE

Market Area: Buffalo, Amherst

1988 REVIEW

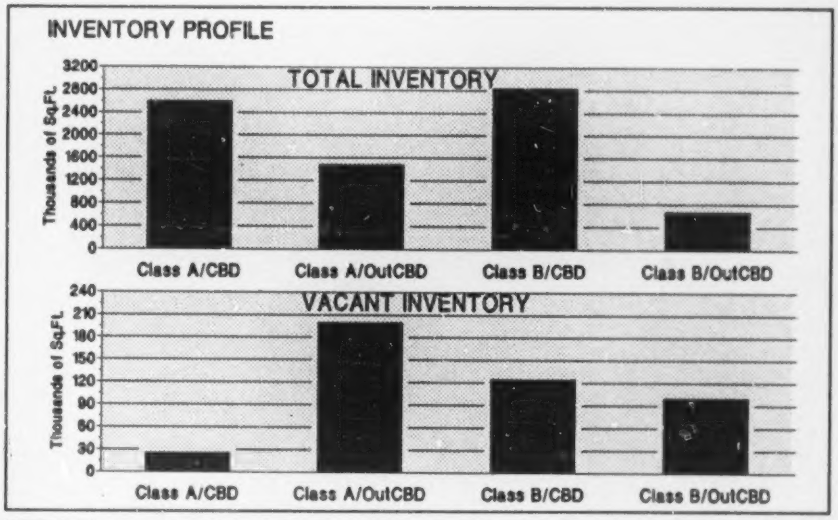
After several years of stagnant economic growth, the Buffalo economy slowly expanded in 1988. Banks, insurance companies and government created most large office space demand. Citicom, of Canada, developed new office space in the downtown area and lawyers rehabilitated the Blue Cross building.

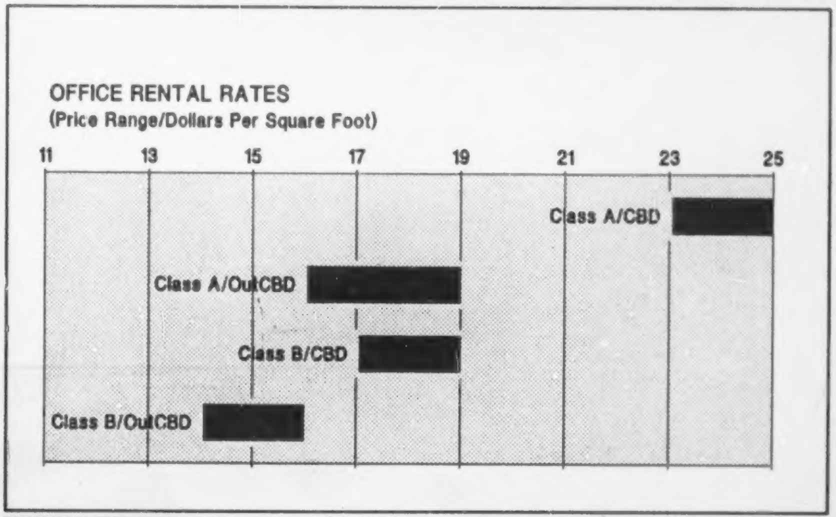
In general, the office market maintained a demand for smaller amounts of office space, both in the downtown area and the suburbs.

1989 FORECAST

The expansion of Buffalo's economy should slow down in 1989. Office space in a 350,000 square foot tower is planned for downtown Buffalo in 1989. Key Bank and its attorneys are expected to become the major tenants. There will then be a balance of 100,000 to 150,000 square feet of available space left to lease.

Both absorption and construction are expected to increase by one to five percent in 1989. Rental rates, vacancies and landlord concessions should remain at 1988 levels.





TYPICAL CONCESSIONS:
Parking

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 966,100
RANK BY POPULATION: 49
POPULATION GROWTH RATE: 0.49%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $26,571
RANK BY INCOME: 128
COST OF LIVING INDEX: 96.4
RANK BY COST OF LIVING: 57

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,598,000 sq.ft.
Class A/OutCBD: 1,483,820 sq.ft.
Class B/CBD: 2,842,000 sq.ft.
Class B/OutCBD: 670,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 25,000 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: 125,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

VACANCY RATES
Class A/CBD: 1.0%
Class A/OutCBD: 13.5%
Class B/CBD: 4.4%
Class B/OutCBD: 14.9%

SUBLEASE INVENTORY
Class A: 15,000-20,000 sq.ft.
Class B: 15,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 43,000 sq.ft.
Class A/OutCBD: 110,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 60,000 sq.ft.

NET ABSORPTION
Class A/CBD: 10,000-20,000 sq.ft.
Class A/OutCBD: 40,000-50,000 sq.ft.
Class B/CBD: 25,000-35,000 sq.ft.
Class B/OutCBD: 50,000-70,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.00-1.15 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Government
Minor Activity: Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 505,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.00%
UNEMPLOYMENT RATE: 3.5%
MEDIAN HOUSEHOLD INCOME: $24,631
RANK BY INCOME: 193
COST OF LIVING INDEX: 96.4
RANK BY COST OF LIVING: 57

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: 250,000 sq.ft.
Class B/OutCBD: 400,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 80,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 40,000 sq.ft.

VACANCY RATES
Class A/CBD: 10.0%
Class A/OutCBD: 10.0%
Class B/CBD: 10.0%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

NET ABSORPTION
Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 45,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 400 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Finance/Banking
Minor Activity: Insurance
Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 11-15%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS:Up 1-5%

CHARLESTON, SC: OFFICE

Market Area: Charleston Metropolitan Area

1988 REVIEW

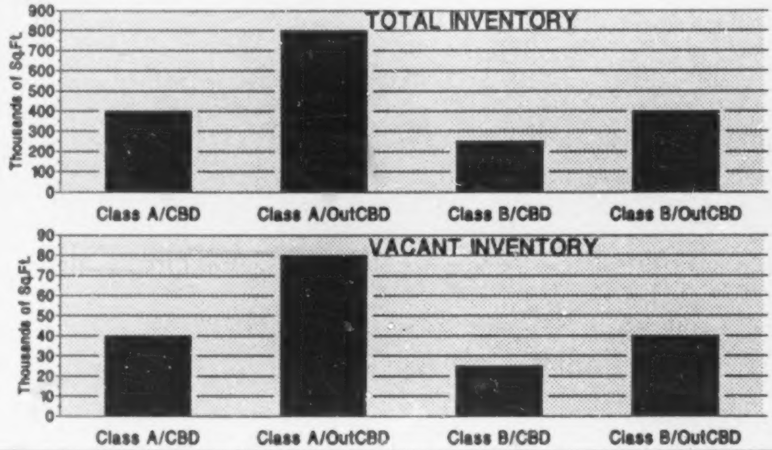
The Charleston office market had almost two million square feet of inventory. Vacancy rates averaged 10 percent for all suburban and central city space. Demand remained constant from 1987 to 1988. Most of the approximately 150,000 square feet of net absorption was created from local business expansions.

Rental rates ranged from eight dollars to $10 for Class B space, and $12 to $16 for Class A space. Lease concessions had a greater effect on rents during 1988 than in 1987, decreasing gross rents by six to 10 percent.

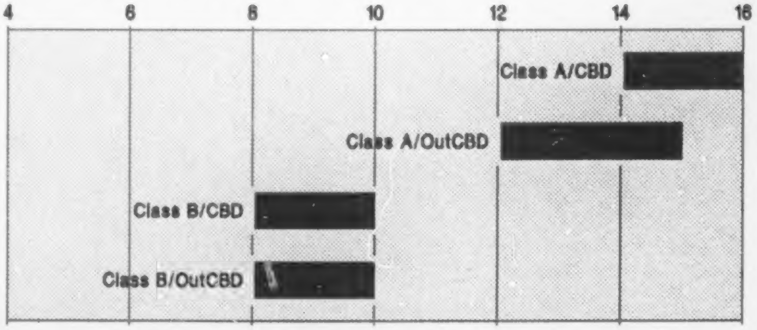
1989 FORECAST

Demand is expected to remain the same throughout the next year. Three speculative projects will be under construction, a 50,000 square foot building in the CBD, and two 60,000 square foot buildings in the suburbs. Vacancies are expected to increase during 1989.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 1,065,300
RANK BY POPULATION: 43
POPULATION GROWTH RATE: 1.1%
UNEMPLOYMENT RATE: 2.9%
MEDIAN HOUSEHOLD INCOME: $27,481
RANK BY INCOME: 102
COST OF LIVING INDEX: 100
RANK BY COST OF LIVING: 44

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 5,338,125 sq.ft.
Class A/OutCBD: 3,950,000 sq.ft.
Class B/CBD: 3,695,445 sq.ft.
Class B/OutCBD: 3,458,857 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,349,043 sq.ft.
Class A/OutCBD: 1,400,000 sq.ft.
Class B/CBD: 250,678 sq.ft.
Class B/OutCBD: 425,611 sq.ft.

VACANCY RATES
Class A/CBD: 25.3%
Class A/OutCBD: 35.4%
Class B/CBD: 6.8%
Class B/OutCBD: 12.3%

SUBLEASE INVENTORY
Class A: 80,000 sq.ft.
Class B: 20,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 175,000 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.00 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Insurance Finance/Banking
Minor Activity:	Sales Engineering/Architecture Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

CHARLOTTE: OFFICE

Market Area: Charlotte Metropolitan Area

1988 REVIEW

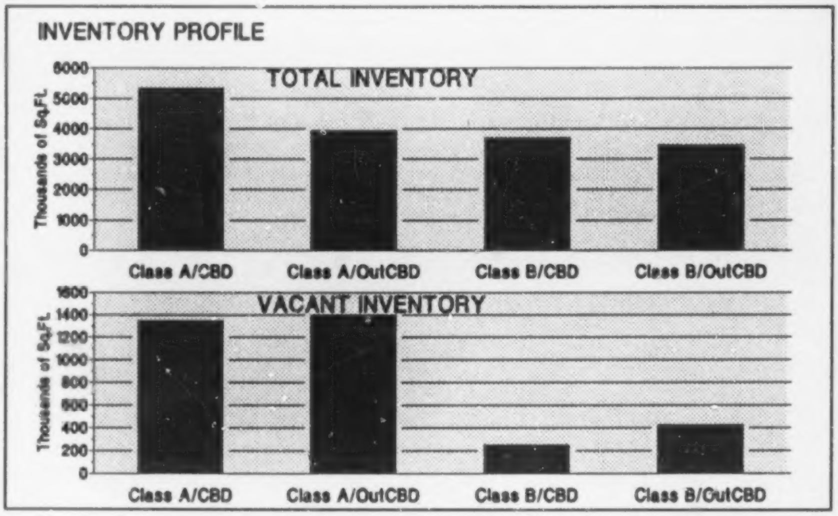
In 1988, major growth in the Charlotte area centered around financial institutions and their support services, such as legal and accounting services. The area also experienced an influx of foreign firms and corporate relocation from the northeast and midwest, predominantly.

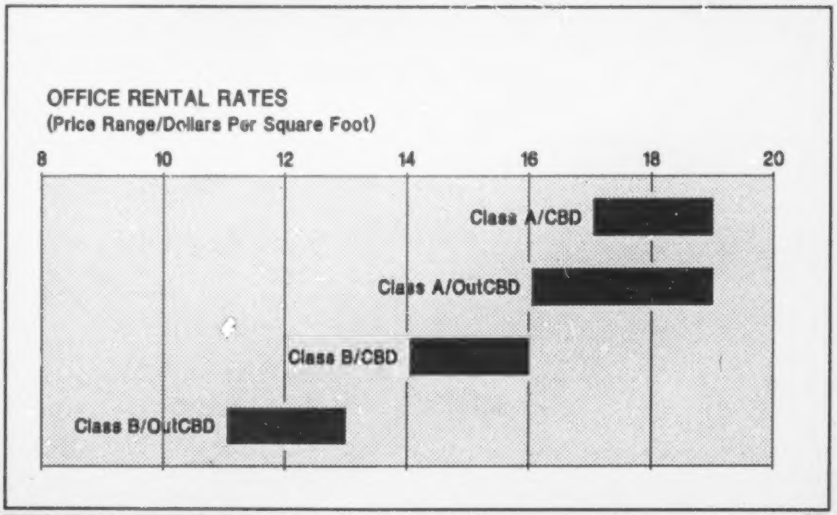
Overall, the market for office space was fair with a 20 percent average vacancy rate. Also, demand increased in the third and fourth quarters of 1988.

1989 FORECAST

For 1989, the economy is starting strong on local, regional as well as state levels. Approximately 2,500,000 square feet of new office development is planned to begin in 1989. The construction will be located in the central city, while very little is planned for the suburban markets.

Absorption, construction, and rental rates are expected to increase in 1989. However, vacancies and landlord concessions should decrease.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

CHICAGO: OFFICE

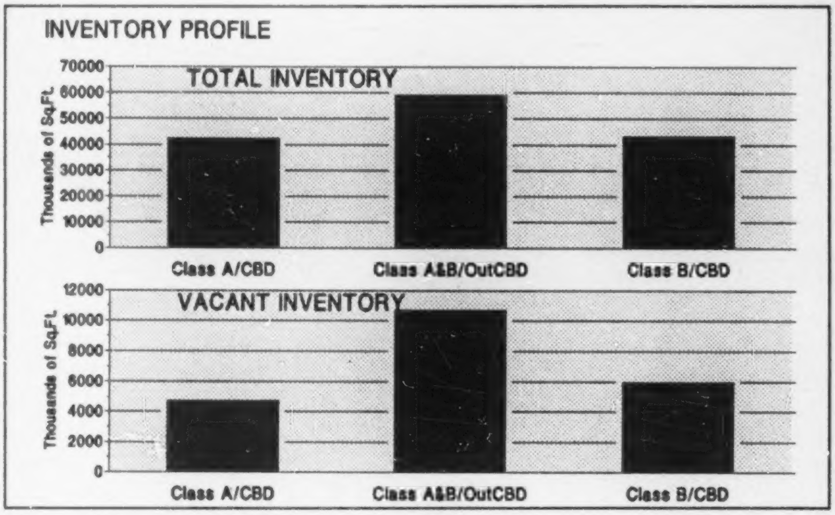
Market Area: Chicago Metropolitan Area

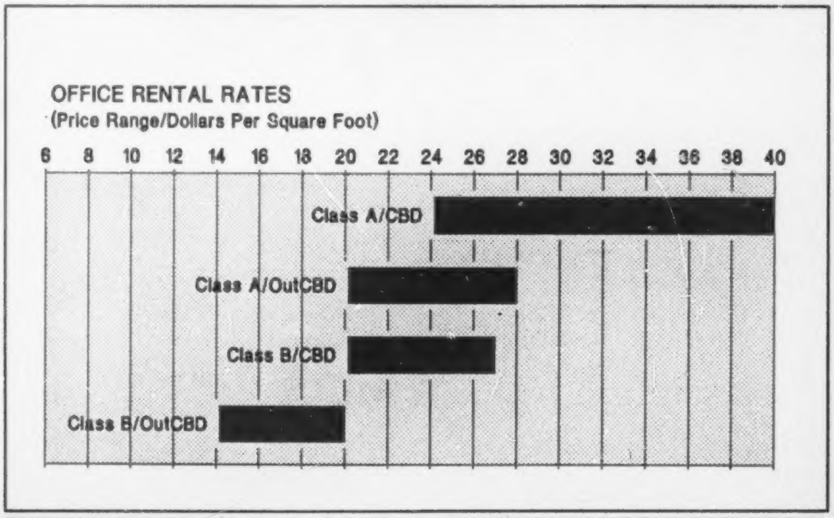
1988 REVIEW

The Chicago area posted solid economic performance in 1988, keeping the office market active. During the year 7.8 million square feet of space was absorbed throughout the market while 13.4 million more was constructed. Despite this net addition to the vacant inventory, vacancy rates were moderate, ranging from 11.2 percent for Class A/CBD space to 18.0 percent for space outside the CBD.

1989 FORECAST

While SIOR respondents expect a fairly good year in 1989, there are notes of concern. Speculative development in the CBD will be limited to buildings with significant preleasing. The impending sale of the Sears Tower and relocation of the Sears workforce out of the CBD will keep developers on this cautious path. Outlying suburban counties are beginning to experience impact and development fees which will restrain their growth somewhat. Concessions will continue to drive the leasing market, although they are expected to be cut back somewhat.





TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 10-30%

DEMOGRAPHICS

POPULATION: 6,215,200
RANK BY POPULATION: 3
POPULATION GROWTH RATE: 0.29%
UNEMPLOYMENT RATE: 5.5%
MEDIAN HOUSEHOLD INCOME: $29,525
RANK BY INCOME: 43
COST OF LIVING INDEX: 118.2
RANK BY COST OF LIVING: 11

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 42,211,252 sq.ft.
Classes A&B/OutCBD: 59,310,569 sq.ft.
Class B/CBD: 43,190,453 sq.ft.

VACANT INVENTORY
Class A/CBD: 4,744,502 sq.ft.
Classes A&B/OutCBD: 10,704,006 sq.ft.
Class B/CBD: 5,985,992 sq.ft.

VACANCY RATES
Class A/CBD: 11.2%
Classes A&B/OutCBD: 18.0%
Class B/CBD: 13.9%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 8,759,000 sq.ft.
Class A/OutCBD: 4,250,962 sq.ft.
Class B/CBD: 110,000 sq.ft.
Class B/OutCBD: 282,864 sq.ft.

NET ABSORPTION
Classes A&B/CBD: 3,362,004 sq.ft.
Classes A&B/OutCBD: 4,429,912 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-16 per sq.ft.

TYPICAL PARKING RATIO
CBD: 0 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year and Stop; or net lease w/pass through

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government
Technology
Healthcare

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

DEMOGRAPHICS

POPULATION: 1,442,400
RANK BY POPULATION: 29
POPULATION GROWTH RATE: 0.71%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $27,568
RANK BY INCOME: 94
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 6,085,000 sq.ft.
Class A/OutCBD: 4,145,805 sq.ft.
Class B/CBD: 3,200,000 sq.ft.
Class B/OutCBD: 3,840,075 sq.ft.

VACANT INVENTORY
Class A/CBD: 338,000 sq.ft.
Class A/OutCBD: 1,789,005 sq.ft.
Class B/CBD: 1,314,045 sq.ft.
Class B/OutCBD: 635,000 sq.ft.

VACANCY RATES
Class A/CBD: 5.5%
Class A/OutCBD: 43.2%
Class B/CBD: 41.1%
Class B/OutCBD: 16.5%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 415,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 2,300,000 sq.ft.
Class A/OutCBD: 1,100,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 650,000 sq.ft.

NET ABSORPTION
Class A/CBD: 340,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 187,000 sq.ft.
Class B/OutCBD: 75,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services
Minor Activity:	Insurance Sales Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 20%
VACANCIES: Down 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Same

CINCINNATI: OFFICE

Market Area: Cincinnati Metropolitan Area including Northern Kentucky, Tri-County, and Blue Ash

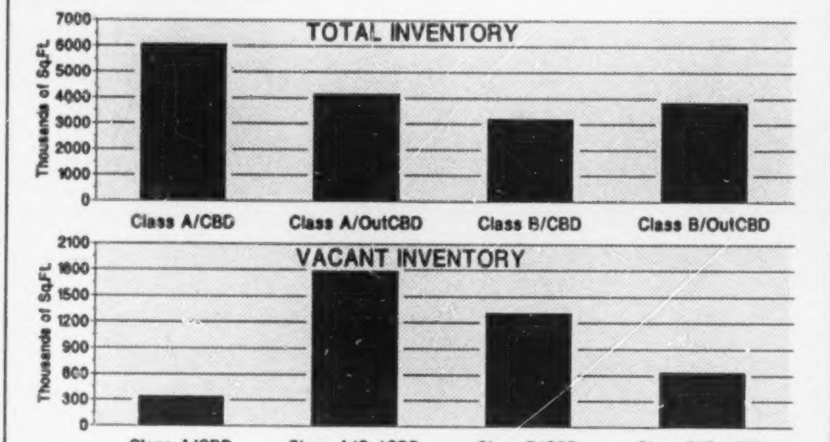
1988 REVIEW

Other sectors of the economy were bolstered by the apparent stronger manufacturing base. Japanese manufacturing firms moved into the area, but not as investors in real estate. Buy-outs and consolidations seemed to help the office building market in the Cincinnati area. More than one million square feet of office space was raised from Class C to Class A as the result of remodelling. Several hundred thousand more square feet were elevated from Class B stature.

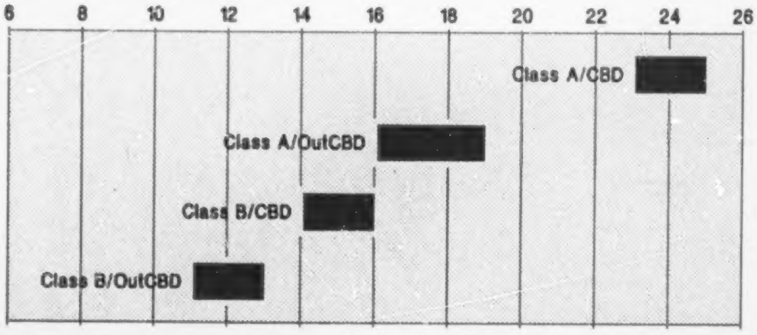
1989 FORECAST

The consolidation of one of the major national corporations in Cincinnati will impact the vacancy rate. The prospects for 1989 are for additional new construction, as five major projects will be started in the CBD. The downtown market is actually very limited and most of the space is scheduled to become available between 1990 and 1991. The suburban market continues to be soft. However, developers are continuing to build in spite of these market conditions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

CLEVELAND: OFFICE

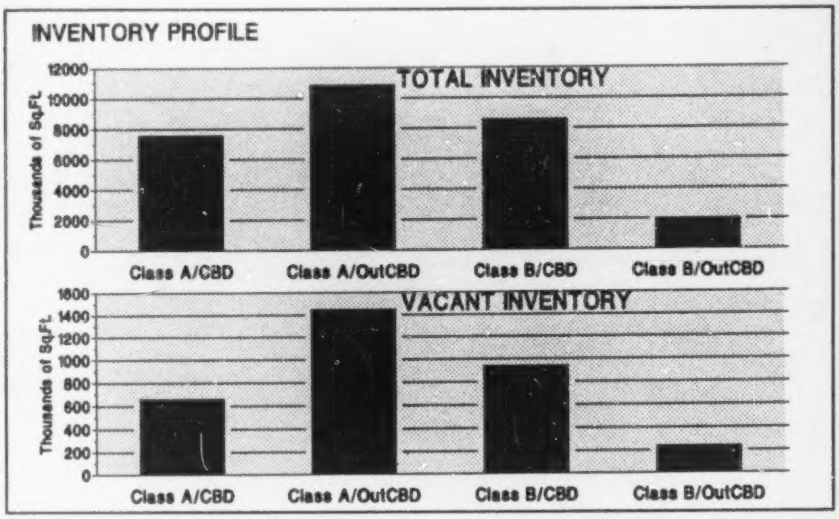
Market Area: Cuyahoga County and surrounding contiguous townships

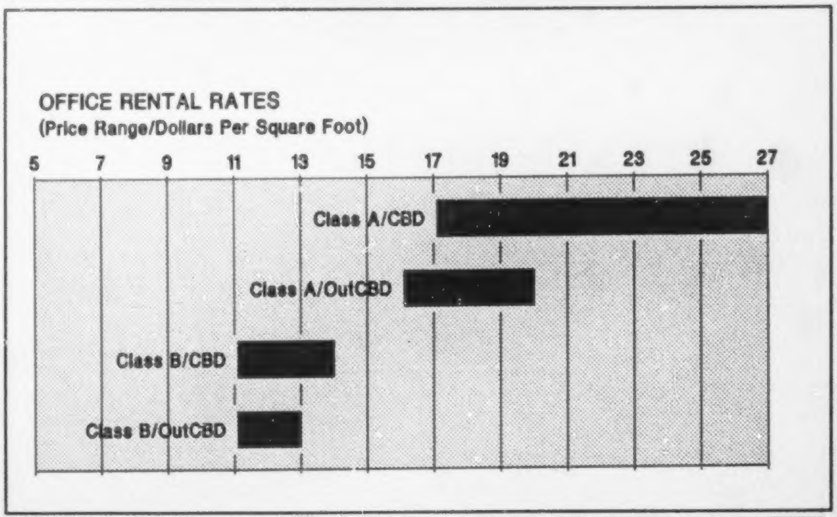
1988 REVIEW

Economic activity was strong in Cleveland in 1988, resulting in a strong office market. Throughout the area 1.6 million square feet of office space was absorbed during the year, while 2.8 million square feet was constructed. Nevertheless, vacancy rates are low, ranging from 8.7 percent for Class A/CBD space to 13.3 percent for Class A space outside the CBD.

1989 FORECAST

SIOR respondents expect both absorption of office space and its construction to increase in the Cleveland area in 1989. Once again construction is expected to exceed absorption increasing vacancy rates somewhat. The current tight market will be reflected in increasing rental rates by six to 10 percent, however a portion of this rent increase will fund some increases to landlord concessions, thus moderating the overall impact of the rent increases on tenants.





TYPICAL CONCESSIONS:

Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,845,700
RANK BY POPULATION: 23
POPULATION GROWTH RATE: 0.36%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $27,972
RANK BY INCOME: 79
COST OF LIVING INDEX: 103.7
RANK BY COST OF LIVING: 31

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 7,593,000 sq.ft.
Class A/OutCBD: 10,863,000 sq.ft.
Class B/CBD: 8,551,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 660,000 sq.ft.
Class A/OutCBD: 1,448,000 sq.ft.
Class B/CBD: 940,610 sq.ft.
Class B/OutCBD: 240,000 sq.ft.

VACANCY RATES
Class A/CBD: 8.7%
Class A/OutCBD: 13.3%
Class B/CBD: 11.0%
Class B/OutCBD: 12.0%

SUBLEASE INVENTORY
Class A: 157,000 sq.ft.
Class B: 100,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 800,000 sq.ft.
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 400,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.20 per sq.ft.
OutCBD: $2.20 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Engineering/Architecture
Government
Minor Activity: Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 1-5%

DEMOGRAPHICS

POPULATION: 449,400
RANK BY POPULATION: 85
POPULATION GROWTH RATE: 0.14%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $24,549
RANK BY INCOME: 113
COST OF LIVING INDEX: 98
RANK BY COST OF LIVING: 51

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 3,400,000 sq.ft.
Class A/OutCBD: 1,600,000 sq.ft.
Class B/CBD: 1,400,000 sq.ft.
Class B/OutCBD: 1,200,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 500,000 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 224,000 sq.ft.
Class B/OutCBD: 192,000 sq.ft.

VACANCY RATES
Class A/CBD: 14.7%
Class A/OutCBD: 15.6%
Class B/CBD: 16.0%
Class B/OutCBD: 16.0%

SUBLEASE INVENTORY
Class A: 40,000 sq.ft.
Class B: 15,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 320,000 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 120,000 sq.ft.
Class B/OutCBD: 65,000 sq.ft.

NET ABSORPTION
Class A/CBD: 180,000 sq.ft.
Class A/OutCBD: 120,000 sq.ft.
Class B/CBD: 60,000 sq.ft.
Class B/OutCBD: 120,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 700 sq.ft.
OutCBD: 1 per 225 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.70 per sq.ft.
OutCBD: $2.40 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Finance/Banking
Government
Minor Activity: Legal/Accounting
Business Services
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

COLUMBIA, SC: OFFICE

Market Area: Columbia Metropolitan Area.

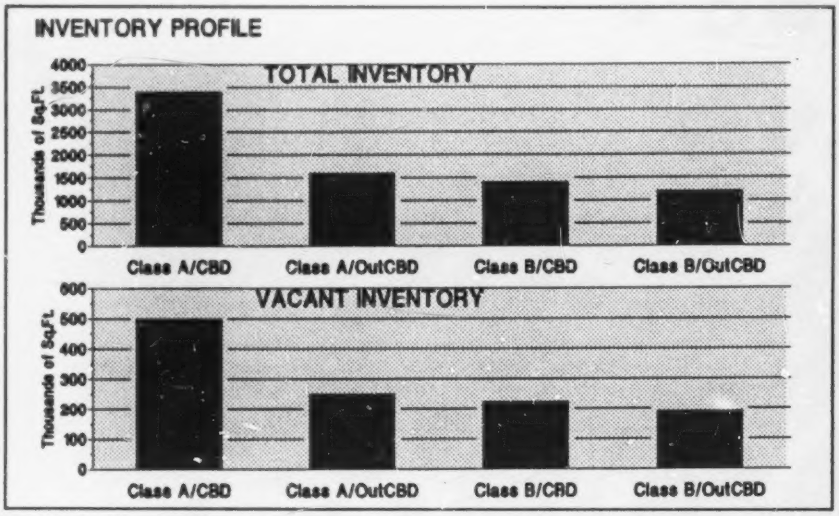
1988 REVIEW

Growth in the Columbia economy primarily centered around the expansion of local companies. South Carolina and Columbia experienced unprecedented growth, which fueled a strong economy. Most of the new office space was upscale, similar to the existing product. The majority of the new development occurred in the suburbs. Three major buildings were completed in the CBD during the past three years. New space was in demand at market rates. Space in existing buildings remained vacant.

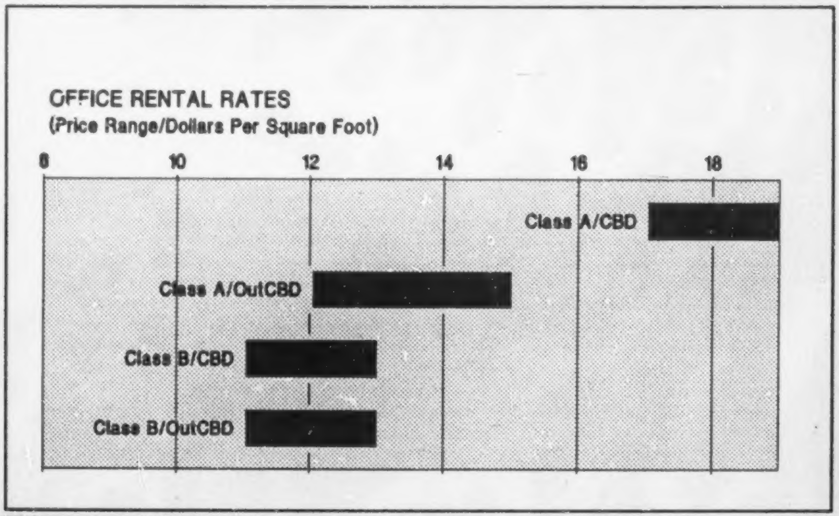
1989 FORECAST

At current absorption rates of 400,000 square feet annually, Columbia will have a three year supply of office space. Office construction will continue in the suburbs, but no new developments will be built in the CBD. The real estate community will continue its attempt to attract tenants from outside of the metro area. Absorption in 1989 is expected to be between one and five percent. An increase in leasing activity coupled with the proposed decrease in new construction, will reduce office vacancies.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Telephone Expense (in some cases)

RENTAL RATE DISCOUNT FACTOR: 11-15%

COLUMBUS: OFFICE

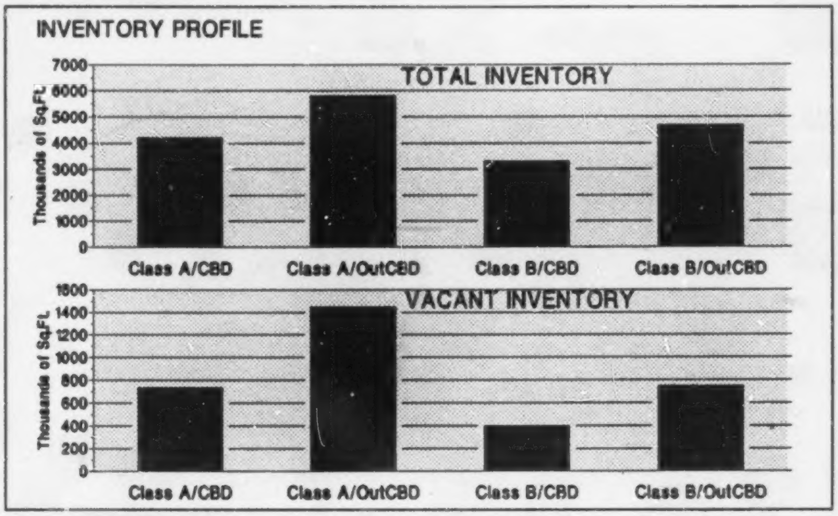
Market Area: Columbus Metropolitan Area

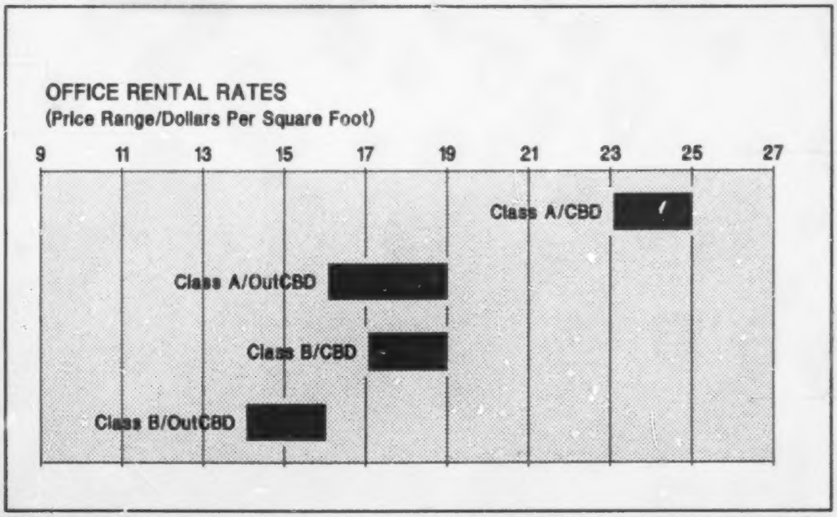
1988 REVIEW

Office building leasing activity was steady in 1988, but did not reach the level achieved a year earlier. A majority of the space, 80 percent, was leased by tenants from outside the city, through relocations, expansions and the formation of new companies. The remaining 20 percent of the space was taken by tenants from within the metropolitan area.

1989 FORECAST

The diverse and healthy economy should help create new jobs in the area. The construction outlook calls for an increase of six to 10 percent; that is considered minimal due to the low level in 1988. With absorption increasing one to five percent and this minimal increase in construction, vacancies are expected to drop six to 10 percent during the year. Rental rates are expected to increase one to five percent. These rates will not be drastically affected by landlord concessions that are expected to remain the same, and are currently running 10 percent or less.





TYPICAL CONCESSIONS:

Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 1,326,600
RANK BY POPULATION: 35
POPULATION GROWTH RATE: 0.84%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $27,496
RANK BY INCOME: 100
COST OF LIVING INDEX: 102
RANK BY COST OF LIVING: 37

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 4,200,000 sq.ft.
Class A/OutCBD: 5,800,000 sq.ft.
Class B/CBD: 3,300,000 sq.ft.
Class B/OutCBD: 4,700,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 734,000 sq.ft.
Class A/OutCBD: 1,450,000 sq.ft.
Class B/CBD: 400,000 sq.ft.
Class B/OutCBD: 752,000 sq.ft.

VACANCY RATES
Class A/CBD: 17.5%
Class A/OutCBD: 25.0%
Class B/CBD: 12.1%
Class B/OutCBD: 16.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

NET ABSORPTION
Class A/CBD: 200,000 sq.ft.
Class A/OutCBD: 305,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: (-109,000) sq.ft.

STANDARD WORK LETTER
Typically based on the quantity of materials and dollars per square foot.
Approximate dollar value:
$14 per sq.ft.

TYPICAL PARKING RATIO
CBD: Varies
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.50-$6.00 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Finance/Banking
Government
Minor Activity: Business Services
Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 742,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.7%
MEDIAN HOUSEHOLD INCOME: $38,350
RANK BY INCOME: 50
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,130,885 sq.ft.
Class A/OutCBD: 6,795,617 sq.ft.
Class B/CBD: 2,047,086 sq.ft.
Class B/OutCBD: 10,860,914 sq.ft.

VACANT INVENTORY

Class A/CBD: 620,990 sq.ft.
Class A/OutCBD: 1,891,361 sq.ft.
Class B/CBD: 246,958 sq.ft.
Class B/OutCBD: 2,342,368 sq.ft.

VACANCY RATES

Class A/CBD: 29.1%
Class A/OutCBD: 27.8%
Class B/CBD: 12.1%
Class B/OutCBD: 21.6%

SUBLEASE INVENTORY

Class A: 190,755 sq.ft.
Class B: 312,833 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 157,000 sq.ft.
Class A/OutCBD: 335,474 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 121,000 sq.ft.

NET ABSORPTION

Classes A&B/CBD: 324,249 sq.ft.
Classes A&B/OutCBD: 706,791 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $22-$25 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 300 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Minor Activity: Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 2%
VACANCIES: n/a
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

CONTRA COSTA: OFFICE

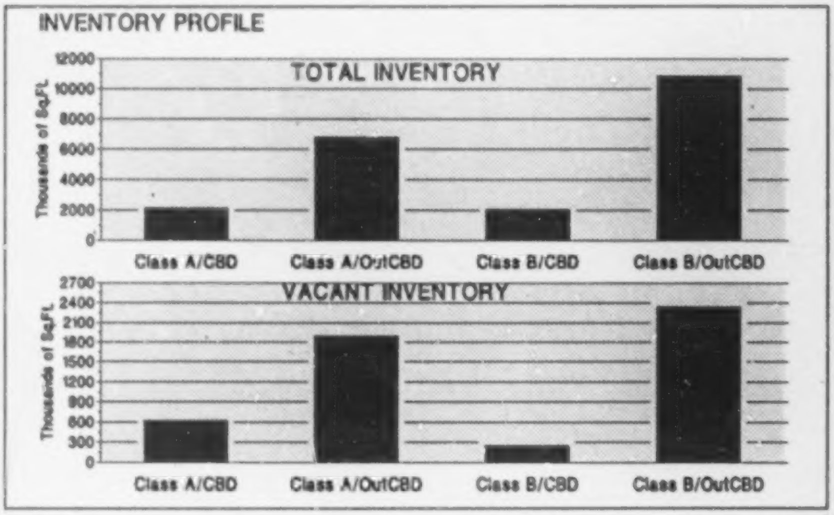
Market Area: Contra Costa County

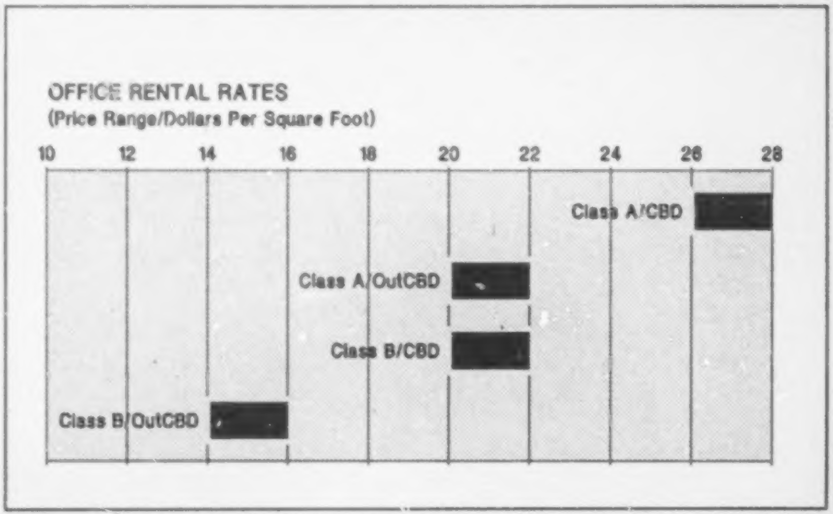
1988 REVIEW

Movement by tenants from nearby San Francisco slowed during the last year. As a result of this change in migration, net absorption was down in the Contra Costa office building market. A narrowing in net effective rents, due to concession in newer buildings, prompted movement into higher quality space by some tenants. Notwithstanding a less dynamic market, was some interest in commercial real estate in Contra Costa County by foreign investors.

1989 FORECAST

Faced with the spread of the "no- or slow-growth" movement throughout California, speculative development is at a low ebb in Contra Costa at this time. The market is also overbuilt and owners are offering concessions to overcome what appears to be the start of a stagnant year. Recent activity indicates a revival in the market place.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 20-25%

DEMOGRAPHICS

POPULATION: 2,450,200
RANK BY POPULATION: 12
POPULATION GROWTH RATE: -0.11%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $31,662
RANK BY INCOME: 27
COST OF LIVING INDEX: 104.4
RANK BY COST OF LIVING: 26

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 29,022,196 sq.ft.
Class A/OutCBD: 101,186,739 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 8,179,644 sq.ft.
Class A/OutCBD: 28,598,178 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 28.2%
Class A/OutCBD: 28.3%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 1,900,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 490,000 sq.ft.
Class A/OutCBD: 1,910,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.40 per sq.ft.
OutCBD: $1.40 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.75-$5.75

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DALLAS: OFFICE

Market Area: Dallas, Plano, Richardson, and Irving

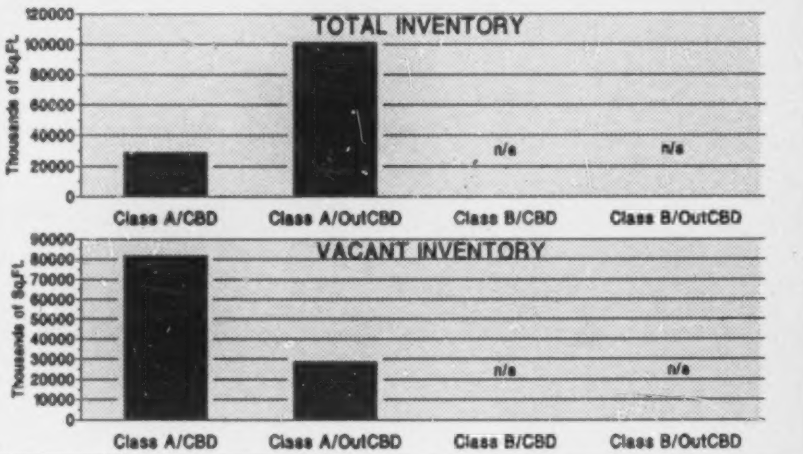
1988 REVIEW

Dallas began recovering during 1988. Major corporate relocation announcements, such as J.C. Penney, continued to expand the office demand base. This and other corporate relocations helped diversify the economy and added approximately 25,000 new jobs during the year. Most of the leasing activity was generated from new users. Class A space continued to fair well at the expense of lesser quality space. Most of the absorption occurred outside of the CBD, in Class A properties. Investor activity increased during 1988, especially from those knowledgeable of the local market.

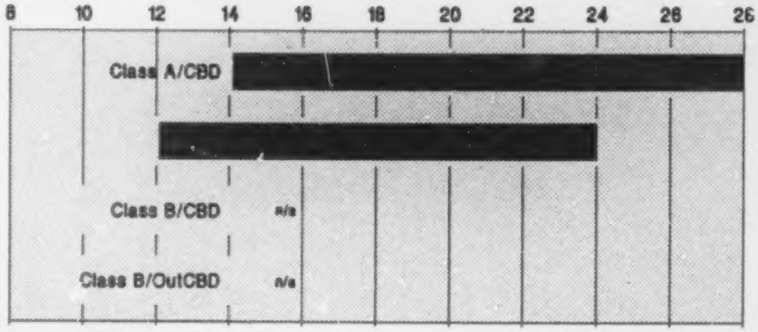
1989 FORECAST

Corporate relocations will continue. GTE will move their corporate operations into Dallas during 1989. Absorption will remain similar to 1988, but rental rates are expected to increase. The economic outlook will continue to improve as more corporations relocate and diversify the base. Due to financing restraints and oversupply of office space, new speculative development will be nonexistent during 1989.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Moving Allowance
Additional Interior Improvements
Club Memberships
Graduated Rentals
Building Identification Rights

RENTAL RATE DISCOUNT FACTOR: 20-30%

DEMOGRAPHICS

POPULATION: 942,500
RANK BY POPULATION: 54
POPULATION GROWTH RATE: 0.22%
UNEMPLOYMENT RATE: 4.7%
MEDIAN HOUSEHOLD INCOME: $27,229
RANK BY INCOME: 111
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 995,000 sq.ft.
Class A/OutCBD: 588,000 sq.ft.
Class B/CBD: 1,674,000 sq.ft.
Class B/OutCBD: 2,872,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 34,000 sq.ft.
Class A/OutCBD: 199,000 sq.ft.
Class B/CBD: 414,000 sq.ft.
Class B/OutCBD: 685,942 sq.ft.

VACANCY RATES
Class A/CBD: 3.4%
Class A/OutCBD: 33.8%
Class B/CBD: 24.7%
Class B/OutCBD: 23.9%

SUBLEASE INVENTORY
Class A: 11,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 559,463 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: 147,000 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $22 per sq.ft.

TYPICAL PARKING RATIO
CBD: Negotiated
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.85 per sq.ft.
OutCBD: $1.52 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Government Contractors
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 11-15%
VACANCIES: Up 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 11-15%

DAYTON: OFFICE

Market Area: Dayton Metropolitan Area

1988 REVIEW

The Dayton economy remained stable in 1988. Demand for office space was steady but moderate. Most demand derived from existing tenants.

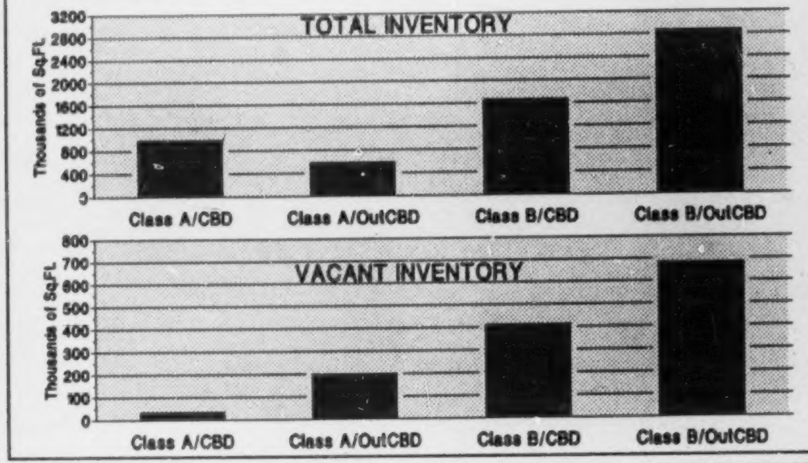
Large absorption occurred in new buildings for defense contractors and selected manufacturers. The absorption was primarily in single story flex type buildings located to the south.

1989 FORECAST

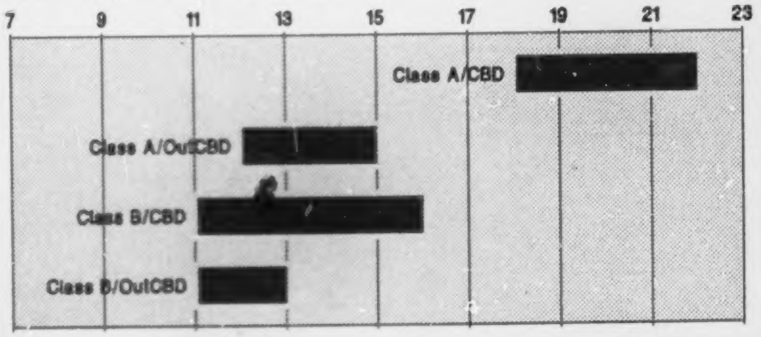
The local economy should remain steady in 1988. Two new towers are planned each comprising 300,000 square feet and expected to come on line in late summer.

Overall, absorption should increase six to 10 percent. Vacancies and landlord concessions are expected to increase 11 to 15 percent. Construction should decrease 11 to 15 percent and rental rates are expected to remain at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Additional interior improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,646,100
RANK BY POPULATION: 26
POPULATION GROWTH RATE: 0.92%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $32,649
RANK BY INCOME: 19
COST OF LIVING INDEX: 102.3
RANK BY COST OF LIVING: 34

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 12,100,000 sq.ft.
Class A/OutCBD: 8,613,000 sq.ft.
Class B/CBD: 9,300,000 sq.ft.
Class B/OutCBD: 28,340,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 2,757,449 sq.ft.
Class A/OutCBD: 405,000 sq.ft.
Class B/CBD: 2,899,843 sq.ft.
Class B/OutCBD: 9,500,000 sq.ft.

VACANCY RATES
Class A/CBD: 22.8%
Class A/OutCBD: 4.7%
Class B/CBD: 31.2%
Class B/OutCBD: 33.5%

SUBLEASE INVENTORY
Class A: 768,732 sq.ft.
Class B: 89,701 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.27 per sq.ft.
OutCBD: $1.19 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $6.00 per sq.ft. (CBD)

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Finance/Banking
Government
Mining
Minor Activity: Business Services
Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DENVER: OFFICE

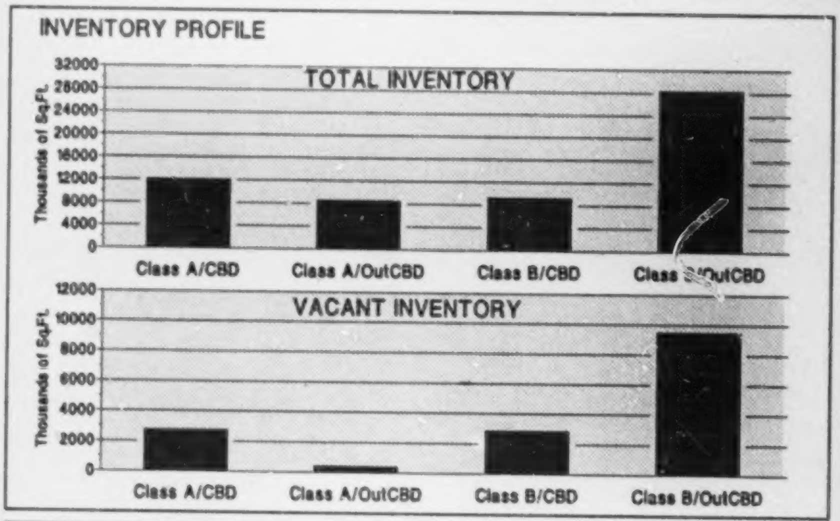
Market Area: Denver Metropolitan Area

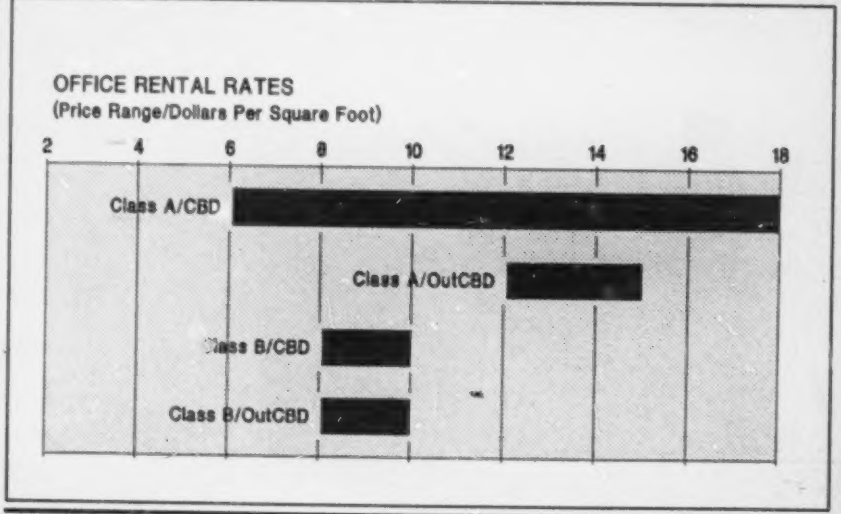
1988 REVIEW

Denver faced the tribulations that beset all cities that relied heavily on the oil industry, and it was subjected to the problems in agriculture as well. The large scale overbuilding which stressed the office market continued into 1988. The demand for space was minimal. Many buildings upgraded existing space, but few relocations occurred from outside of the area.

1989 FORECAST

There is no speculative development expected in 1989. The only new construction will be the convention center and the airport. Office building construction will be sluggish into 1989, and should not return to previous levels for some time. The Denver economy is expected to remain slow during the year, with the growth limited to tourism and business travel. Unemployment has been high and out-migration has weakened the retail market. A 1.2 percent increase in new jobs during 1989, which some feel possible, will be the first rise in more than three years.





TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 385,300
RANK BY POPULATION: 89
POPULATION GROWTH RATE: 0.92%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $27,807
RANK BY INCOME: 88
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,584,000 sq.ft.
Class A/OutCBD: 1,255,000 sq.ft.
Class B/CBD: 1,376,000 sq.ft.
Class B/OutCBD: 882,900 sq.ft.

VACANT INVENTORY
Class A/CBD: 146,400 sq.ft.
Class A/OutCBD: 142,500 sq.ft.
Class B/CBD: 126,200 sq.ft.
Class B/OutCBD: 143,300 sq.ft.

VACANCY RATES
Class A/CBD: 9.2%
Class A/OutCBD: 11.4%
Class B/CBD: 9.2%
Class B/OutCBD: 16.2%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 187,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 179,700 sq.ft.
Class A/OutCBD: 17,500 sq.ft.
Class B/CBD: 210,100 sq.ft.
Class B/OutCBD: 16,900 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Stop

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance
Minor Activity:	Business Services Sales Finance/Banking Engineering/Architecture Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

DES MOINES: OFFICE

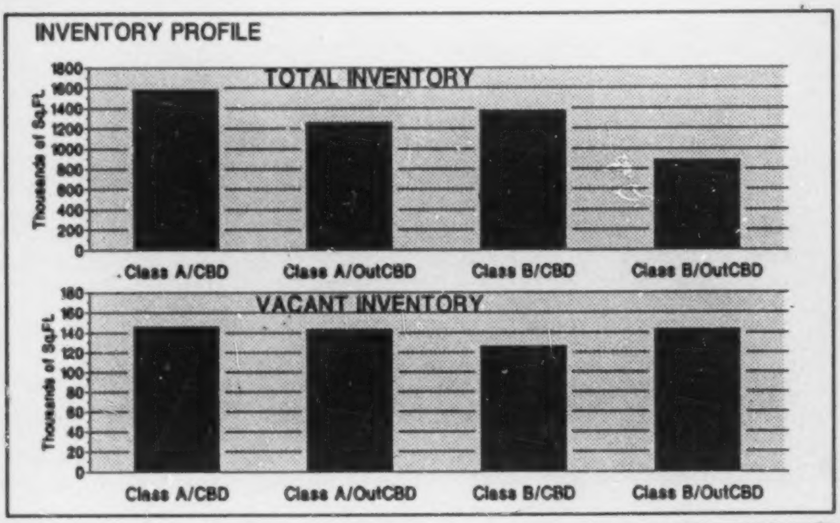
Market Area: Des Moines, Ankeny, Urbandale, and West Des Moines

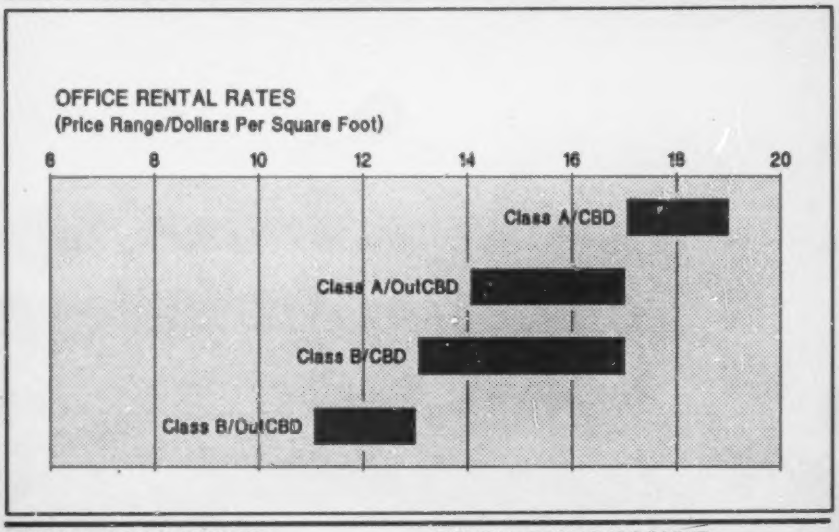
1988 REVIEW

The Des Moines economy and office markets have remained strong throughout the period of agricultural distress. In 1988 developers continued to construct new buildings and lease them as available without any substantial changes in overall vacancy. Vacancy rates in the CBD were a comparatively low 9.2 percent, while Class A suburban space was 11.4 percent vacant and Class B space outside the CBD had a vacancy rate of 16.2 percent. Just over 400,000 square feet of office space was absorbed during 1988.

1989 FORECAST

The SIOR respondents indicate that construction activity will be significant, led by a 700,000 square foot building in the CBD for an insurance company. Strong local and regional developers are remaining active in the suburbs. During the year the market is expected to remain balanced, with rental rates generally unchanged, although lanlord concessions will be a bit more generous.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DETROIT: OFFICE

Market Area: Detroit Metro Area, Southfield, Troy, Farmington Hills, Dearborn, Bloomfield, Birmingham and Auburn Hills

1988 REVIEW

Demand remained steady in the Detroit area during 1988. Economic growth continued at a steady pace, but despite some diversification, the economy remained vulnerable to any tremors in the automotive industry. For the first time since the construction of Renaissance Center in 1976, there was new high-rise development in the CBD.

1989 FORECAST

Construction which has been vigorous will level-off in 1989. This will permit demand and supply to reach some degree of equilibrium. As current construction is completed and absorption remains essentially the same, there will be a moderate increase (from one to five percent) in vacancy rates. This will create a situation where rental rates will remain steady while concessions will increase one to five percent.

DEMOGRAPHICS

POPULATION: 4,390,200
RANK BY POPULATION: 5
POPULATION GROWTH RATE: 0.15%
UNEMPLOYMENT RATE: 6.9%
MEDIAN HOUSEHOLD INCOME: $29,622
RANK BY INCOME: 41
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 8,806,799 sq.ft.
Class A/OutCBD: 17,893,399 sq.ft.
Class B/CBD: 2,402,187 sq.ft.
Class B/OutCBD: 26,360,786 sq.ft.

VACANT INVENTORY
Class A/CBD: 570,331 sq.ft.
Class A/OutCBD: 3,145,709 sq.ft.
Class B/CBD: 510,654 sq.ft.
Class B/OutCBD: 4,562,056 sq.ft.

VACANCY RATES
Class A/CBD: 6.5%
Class A/OutCBD: 17.6%
Class B/CBD: 21.3%
Class B/OutCBD: 17.3%

SUBLEASE INVENTORY
Class A: 379,265 sq.ft.
Class B: 157,777 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 710,000 sq.ft.
Class A/OutCBD: 4,753,168 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 985,271 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12-$15 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.00 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically separately metered.

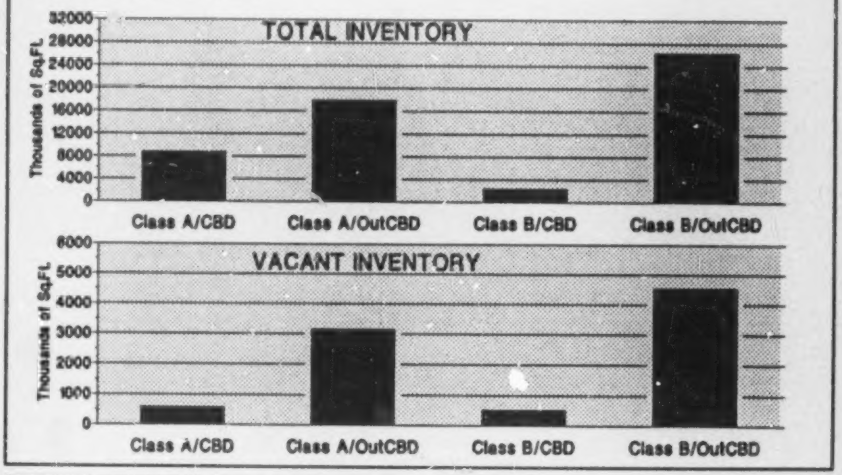
OPERATING COST ESCALATION
Stop: $6.50-$7.50/sq.ft. (Class A)
$4.50-$5.50/sq.ft. (Class B)

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Insurance
Engineering/Architecture
R & D
Communications

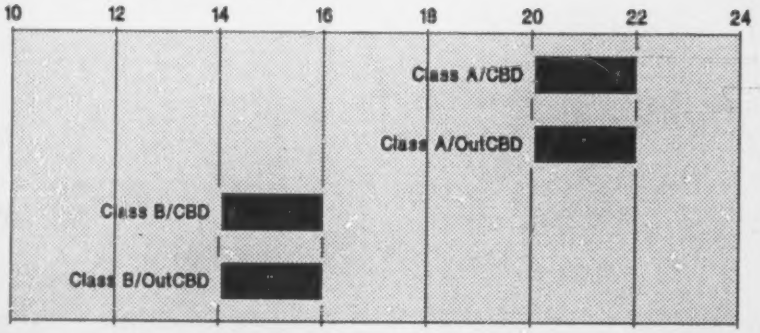
OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 318,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.40%
UNEMPLOYMENT RATE: 5.9%
MEDIAN HOUSEHOLD INCOME: $25,456
RANK BY INCOME: 171
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 486,041 sq.ft.
Class A/OutCBD: 131,909 sq.ft.
Class B/CBD: 415,738 sq.ft.
Class B/OutCBD: 215,219 sq.ft.

VACANT INVENTORY
Class A/CBD: 81,753 sq. ft.
Class A/OutCBD: 53,680 sq. ft.
Class B/CBD: 95,971 sq. ft.
Class B/OutCBD: 47,603 sq. ft.

VACANCY RATES
Class A/CBD: 16.8%
Class A/OutCBD: 40.7%
Class B/CBD: 23.1%
Class B/OutCBD: 22.1%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION
Class A & B/CBD: 43,698 sq.ft.
Class A/& B/OutCBD: 22,982 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.00 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government
Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Up 1-5%

EVANSVILLE: OFFICE

Market Area: Evansville and Vanderburgh County

1988 REVIEW

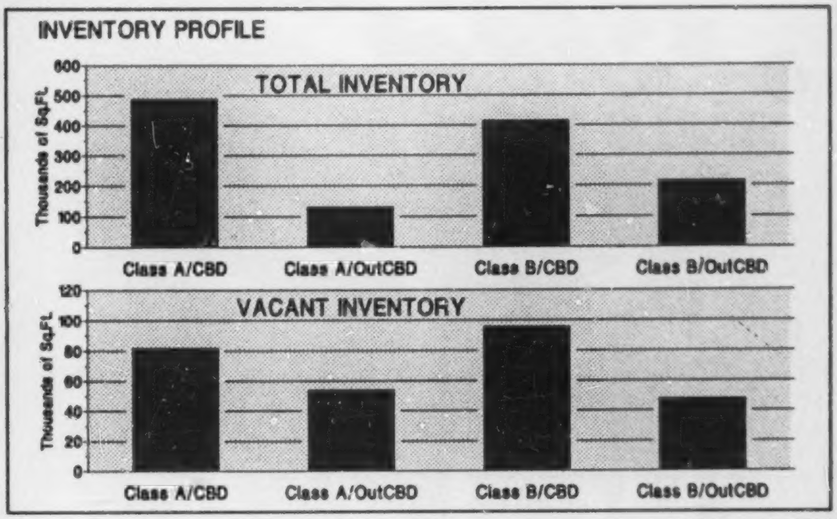
Located in the southwest corner of Indiana, on the Ohio River, Evansville had a well-balanced economy with approximately 23 percent of the non-agriculture employment in finance, insurance, real estate, government, and miscellaneous service industries. Slightly more than 70 percent of the office space was in the CBD where vacancies were 16.8 in Class A buildings and 23 percent in Class B space. Vacancies in the suburban buildings were higher, but the market could have changed rapidly with one or two sizable tenants.

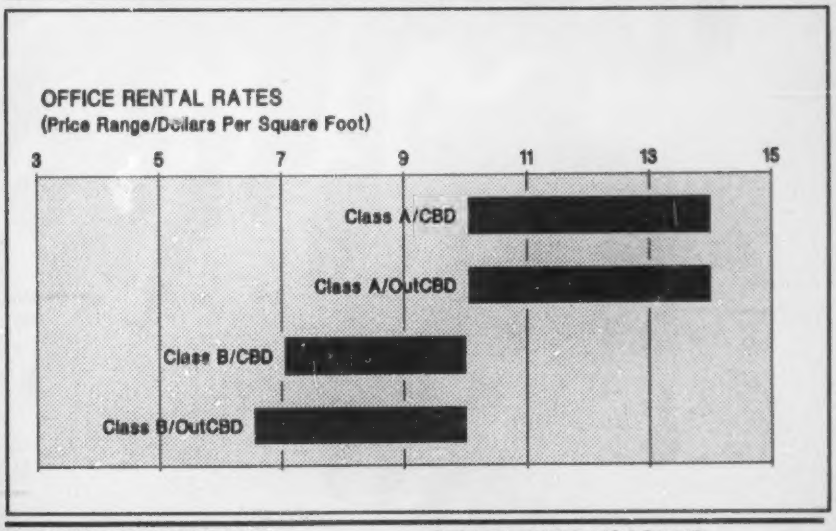
Absorption was essentially the same as 1987, at just over 66,000 square feet.

1989 FORECAST

The absorption rate is not expected to change in 1989. Vacancies are expected to rise one to five percent during 1989 and the outlook for landlord concessions is the same.

Leasing agents in Evansville see new construction dropping only one to five percent below 1988 levels and no large projects are underway at this time.





TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

FORT LAUDERDALE: OFFICE

Market Area: Fort Lauderdale, Cypress Creek, Hollywood, Plantation, Coral Springs

DEMOGRAPHICS

POPULATION: 1,166,000
RANK BY POPULATION: 40
POPULATION GROWTH RATE: 1.44%
UNEMPLOYMENT RATE: 4.4%
MEDIAN HOUSEHOLD INCOME: $27,311
RANK BY INCOME: 110
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,200,000 sq.ft.
Class A/OutCBD: 2,700,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 665,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 250,000 sq.ft.
Class A/OutCBD: 763,820 sq.ft.
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 178,000 sq.ft.

VACANCY RATES
Class A/CBD: 11.3%
Class A/OutCBD: 28.3%
Class B/CBD: 10.0%
Class B/OutCBD: 26.8%

SUBLEASE INVENTORY
Class A: 50,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 105,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

NET ABSORPTION
Class A/CBD: 200,000 sq.ft.
Class A/OutCBD: 358,000 sq.ft.
Class B/CBD: 10,000 sq.ft.
Class B/OutCBD: 140,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18.00-$20.00 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 500 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.25-$1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

1988 REVIEW

The local and regional Fort Lauderdale economy remained steady in 1988. Residential real estate showed signs of being stronger than in the past several years. Specifically, the Broward County Economic Development Board became more effective than in the past. It emphasized developing more financial operations and new industry.

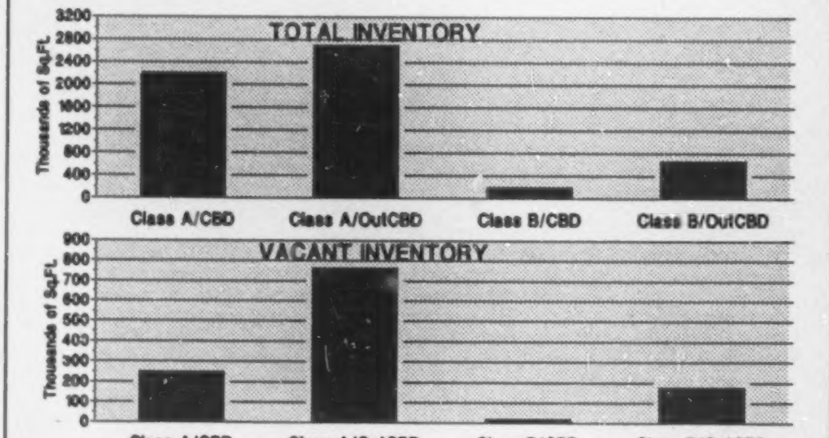
The strongest demand in all areas of Fort Lauderdale continued to be for Class A buildings. Fortune 500 companies upgraded from Class B and flex space because they found advantageous market concessions.

1989 FORECAST

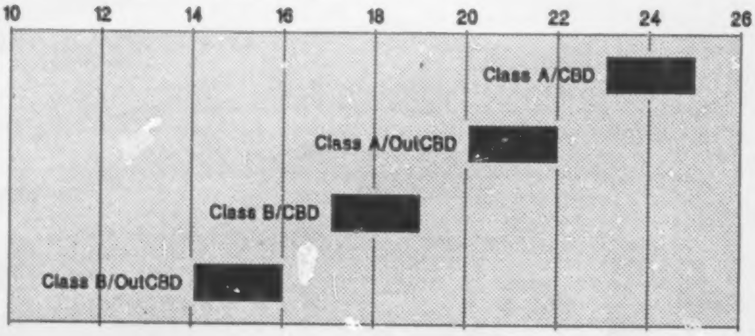
The central business district will remain "bullish" in 1989 with an estimated 300,000 square feet of new development. Suburban areas will remain cautious and not begin construction until absorption levels improve.

In general, absorption and construction should increase six to 10 percent. Rental rates and landlord concessions are expected to increase one to five percent, while vacancies decrease six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

FORT WAYNE: OFFICE

Market Area: Fort Wayne Metropolitan Area

1988 REVIEW

Demand for office space slowed somewhat over the region in 1988. To compensate, construction also decreased.

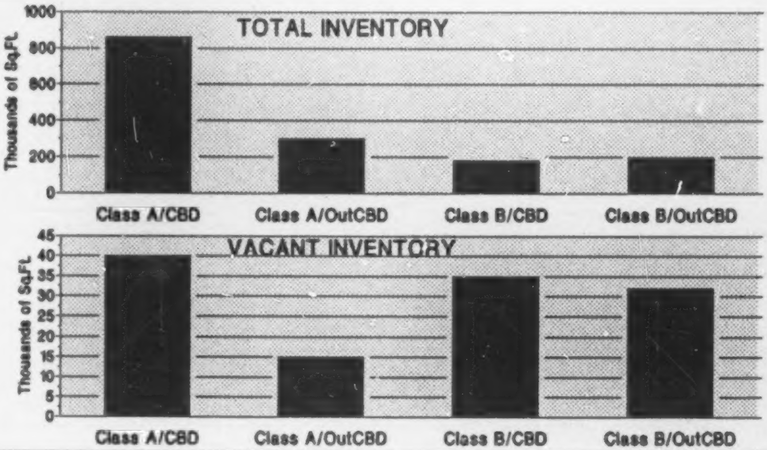
Demand for leasing office space remained steady. Several large projects were leased over the year, which tightened the market. Sales lagged slightly.

1989 FORECAST

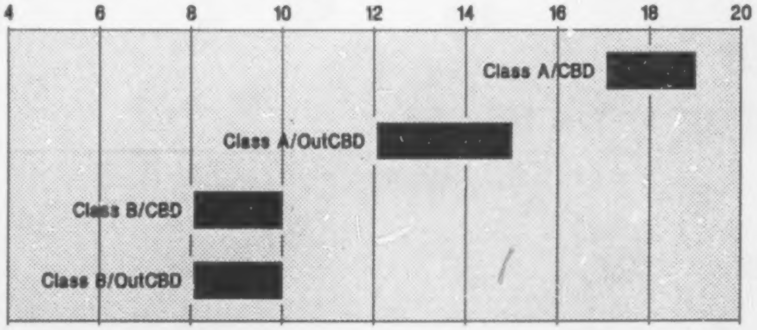
Supply and demand are expected to be "in sync" during 1989. The local Chamber of Commerce and other economic development branches of the government will attempt to create space which will attract the service industries.

Several large speculative development projects are planned for 1989. However, in general, construction should be down 11 to 15 percent. Absorption and rental rates are expected to increase one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements
Graduated Rent Increases

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 367,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.20%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $27,484
RANK BY INCOME: 101
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 860,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 180,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 15,000 sq.ft.
Class B/CBD: 35,000 sq.ft.
Class B/OutCBD: 32,000 sq.ft.

VACANCY RATES
Class A/CBD: 4.7%
Class A/OutCBD: 5.0%
Class B/CBD: 19.4%.
Class B/OutCBD: 16.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 160,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 180,000 sq.ft.
Class A/OutCBD: 85,000 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 45,000 sq.ft.

STANDARD WORK LETTER
Typically based on quantity of materials. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $3.75-$5.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Finance/Banking
Minor Activity:	Business Services Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 11-15%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

DEMOGRAPHICS

POPULATION: 602,200
RANK BY POPULATION: 76
POPULATION GROWTH RATE: 1.15%
UNEMPLOYMENT RATE: 9.2%
MEDIAN HOUSEHOLD INCOME: $21,679
RANK BY INCOME: 263
COST OF LIVING INDEX: 103.1
RANK BY COST OF LIVING: 32

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 480,000 sq.ft.
Class A/OutCBD: 2,265,000 sq.ft.
Class B/CBD: 900,000 sq.ft.
Class B/OutCBD: 4,565,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 35,000 sq.ft.
Class A/OutCBD: 187,500 sq.ft.
Class B/CBD: 73,800 sq.ft.
Class B/OutCBD: 525,000 sq.ft.

VACANCY RATES
Class A/CBD: 7.3%
Class A/OutCBD: 8.3%
Class B/CBD: 8.2%
Class B/OutCBD: 11.5%

SUBLEASE INVENTORY
Class A: 11,600 sq.ft.
Class B: 18,100 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 76,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 45,000 sq.ft.

NET ABSORPTION
Class A/CBD: 21,000 sq.ft.
Class A/OutCBD: 68,500 sq.ft.
Class B/CBD: 214,000 sq.ft.
Class B/OutCBD: 46,500 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.20-$2.40 per sq.ft.
OutCBD: $1.20-$2.40 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Finance/Banking
Government
Minor Activity: Business Services
Sales
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 11-15%
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Up 6-10%

FRESNO: OFFICE

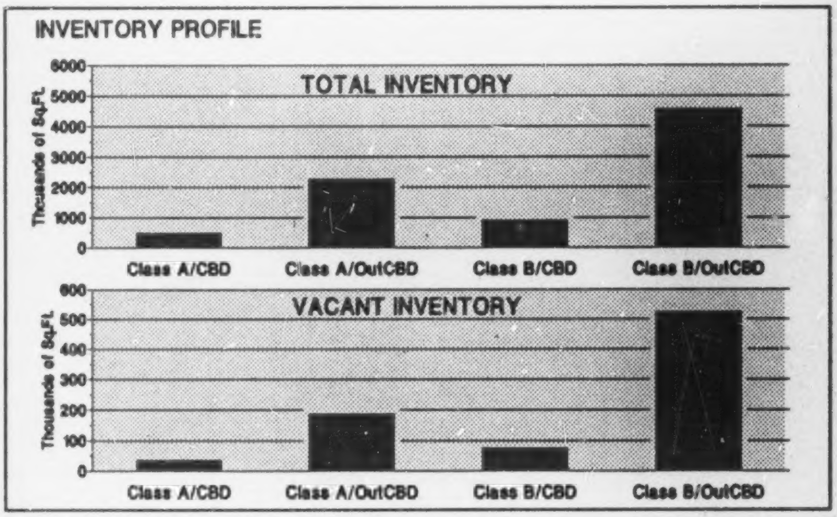
Market Area: Fresno Metropolitan Area

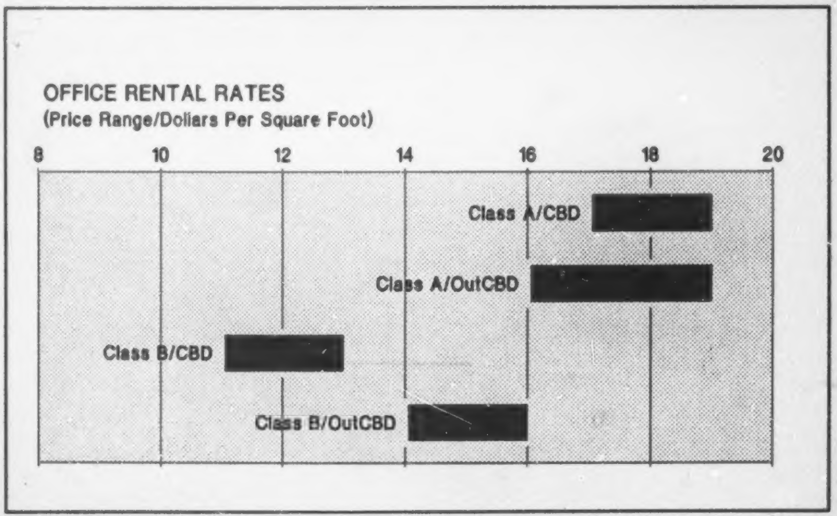
1988 REVIEW

The Fresno economy rebounded significantly in 1988. The market improved over the past three years. The overall office space vacancy rate dropped in 1988. New companies that relocated to Fresno accounted for approximately one-third of all new office space leased. Local expansion and relocation accounted for the remaining two-thirds.

1989 FORECAST

The economy should continue to be strong in 1989 for both business and agriculture. Five new office projects are planned for development in 1989. As a result, rental rates should increase 11 to 15 percent.





TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

GARY-HAMMOND-EAST CHICAGO: OFFICE

Market Area: Gary, Hammond, East Chicago, Lake, Porter and LaPorte Counties

DEMOGRAPHICS

POPULATION: 601,400
RANK BY POPULATION: 77
POPULATION GROWTH RATE: 0.80%
UNEMPLOYMENT RATE: 6.6%
MEDIAN HOUSEHOLD INCOME: $29,324
RANK BY INCOME: 50
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: 90,000 sq.ft.
Class B/OutCBD: 300,000 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 15.0%
Class B/CBD: 15.0%
Class B/OutCBD: 15.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

NET ABSORPTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: (25,000) sq.ft.
Class B/OutCBD: 100,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $8 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

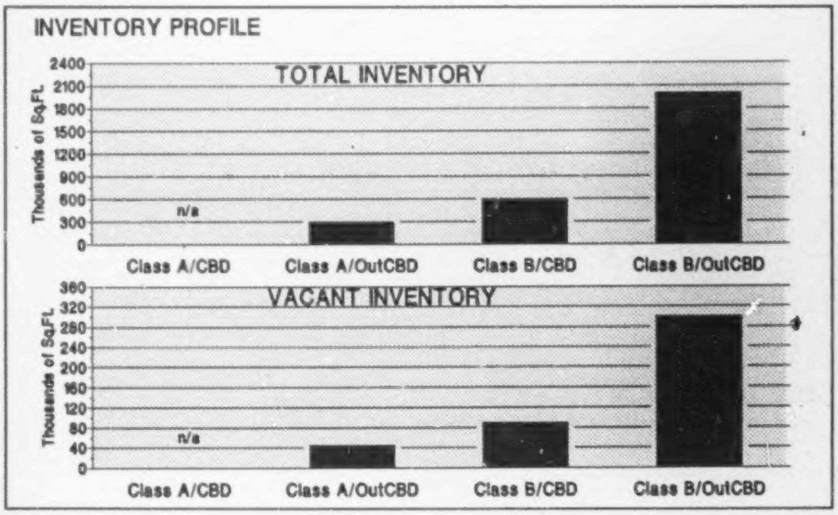
ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

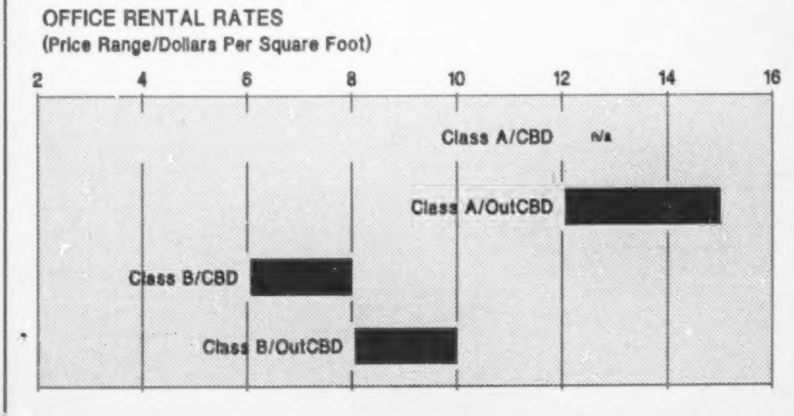
1988 REVIEW

In the last 15 years, the central city experienced a decline in population and a shift from manufacturing to a service oriented economy. Most office development occurred outside the central city, during that time. Therefore, in 1988, a small percentage of the total office inventory lay in the central city. Vacancy rates for all space maintained an average 15 percent rate.

1989 FORECAST

Population in the central city is expected to continue to decline. However, the outlook looks better for office space. Absorption, construction and rental rates should increase one to five percent in 1989. Vacancies and landlord concessions are expected to remain at 1988 levels.





TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 653,100
RANK BY POPULATION: 69
POPULATION GROWTH RATE: 0.72%
UNEMPLOYMENT RATE: 6.0%
MEDIAN HOUSEHOLD INCOME: $28,543
RANK BY INCOME: 61
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,750,000 sq.ft.
Class A/OutCBD: 4,100,000 sq.ft.
Class B/CBD: 1,150,000 sq.ft.
Class B/OutCBD: 950,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 88,000 sq.ft.
Class A/OutCBD: 325,000 sq.ft.
Class B/CBD: 172,500 sq.ft.
Class B/OutCBD: 90,000 sq.ft.

VACANCY RATES
Class A/CBD: 5.0%
Class A/OutCBD: 7.9%
Class B/CBD: 15.0%
Class B/OutCBD: 9.5%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 620,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION
Class A/CBD: 45,000 sq.ft.
Class A/OutCBD: 110,000 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 15,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.20-$2.20 per sq.ft.
OutCBD: $1.17-$1.95 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$3.00-$4.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Engineering/Architecture
Minor Activity: Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

GRAND RAPIDS: OFFICE

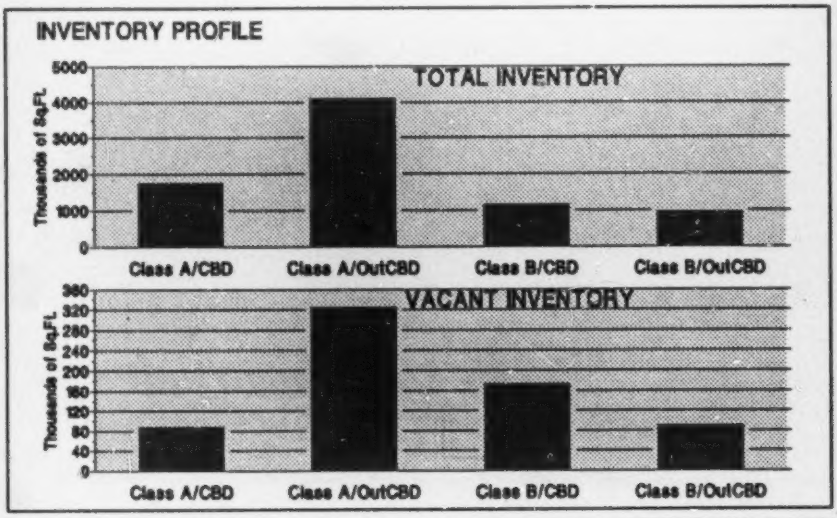
Market Area: Grand Rapids Metropolitan Area including Kent and Ottawa Counties.

1988 REVIEW

Growth in the Grand Rapids economy continued to be among the most rapid in Michigan in 1988, leading to increased usage of office space within the market. Except for Class B space in the CBD the office market was tight, with the top vacancy rate 9.5 percent. Approximately 200,000 square feet of space was absorbed during the year, at rental rates which ranged from $8-10 per square foot for Class B space outside the CBD to $17-19 per square foot for Class A/CBD space.

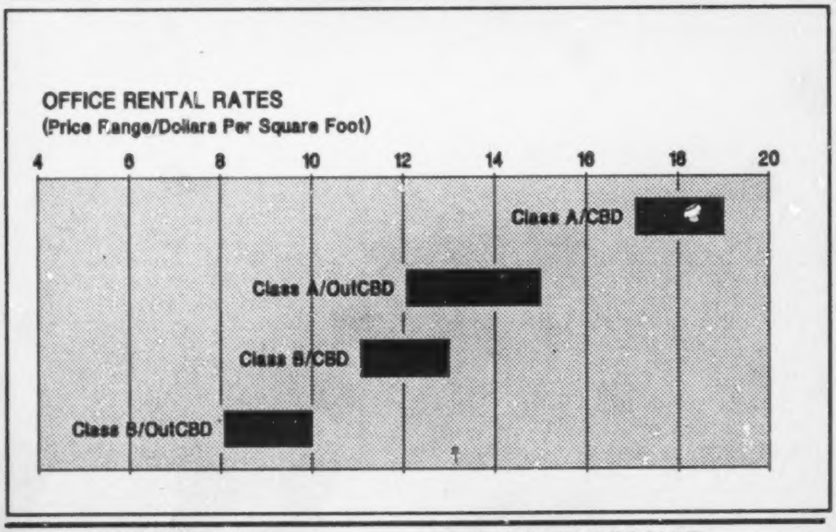
1989 FORECAST

The SIOR respondent expects an increase in absorption during 1989 while construction remains active. Three new buidling have been announced for the CBD, but construction is not yet underway. Rental rates quoted are expected to remain at 1988 levels, while effective rents are somewhat lower because of increasing landlord concessions, for a current six to 10 percent discount.


INVENTORY PROFILE

TOTAL INVENTORY

VACANT INVENTORY


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 903,400
RANK BY POPULATION: 56
POPULATION GROWTH RATE: 0.25%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $25,780
RANK BY INCOME: 157
COST OF LIVING INDEX: 97
RANK BY COST OF LIVING: 56

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 600,000 sq.ft.
Class A/OutCBD: 1,600,000 sq.ft.
Class B/CBD: 625,000 sq.ft.
Class B/OutCBD: 440,574 sq.ft.

VACANT INVENTORY
Class A/CBD: 75,000 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 82,000 sq.ft.

VACANCY RATES
Class A/CBD: 12.5%
Class A/OutCBD: 12.5%
Class B/CBD: 16.0%
Class B/OutCBD: 18.6%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 1,000,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION
Class A/CBD: 75,000 sq.ft.
Class A/OutCBD: 75,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18-$20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

GREENSBORO: OFFICE

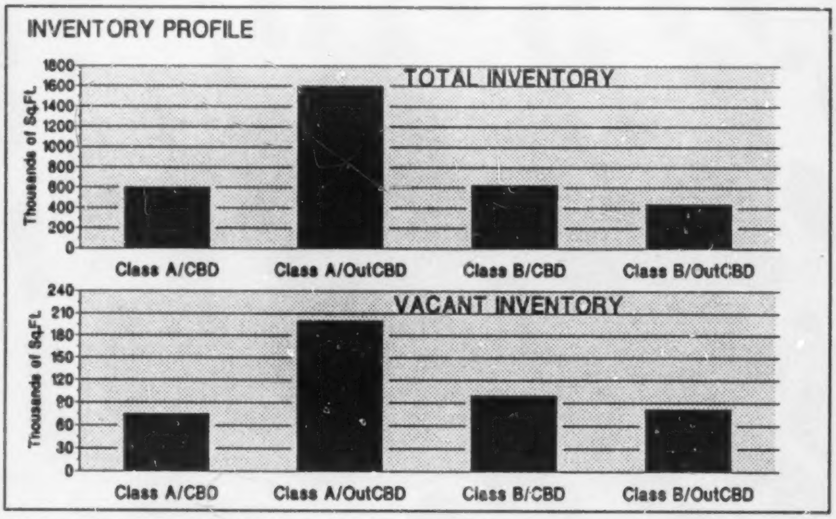
Market Area: Greensboro Metropolitan Area

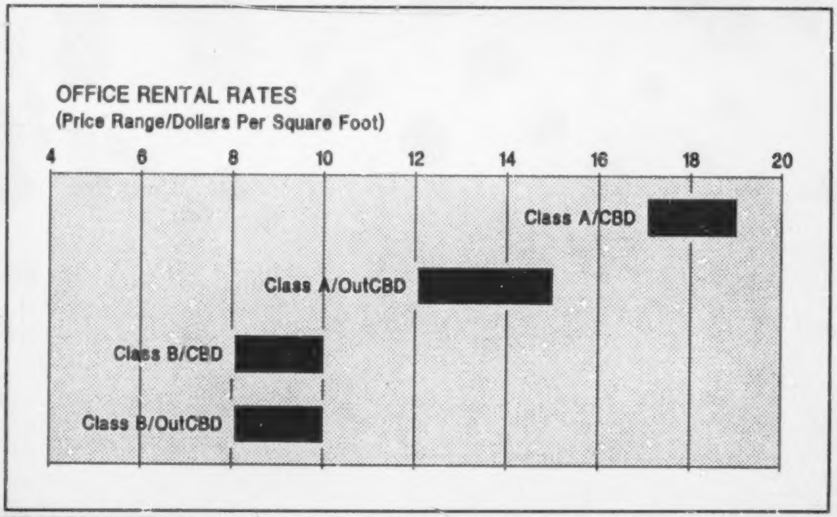
1988 REVIEW

The Greensboro market had approximately 3.3 million square feet of office space in 1988. Almost one-half of the space was Class A space located outside the central city. The vacancy rates for Class A space averaged 12.5 percent while Class B vacancy rates remained higher at an average of approximately 17.3 percent.

1989 FORECAST

A couple of new office projects are planned for 1989, including a new 90 acre business park at Interstate 40 near the airport. Both absorption and construction should increase 11 to 15 percent in 1989. Rental rates, vacancies and landlord concessions are expected to increase six to 10 percent.





TYPICAL CONCESSIONS:
Rental Abatement
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 618,200
RANK BY POPULATION: 74
POPULATION GROWTH RATE: 0.10%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $25,223
RANK BY INCOME: 178
COST OF LIVING INDEX: 94.9
RANK BY COST OF LIVING: 62

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 950,000 sq.ft.
Class A/OutCBD: 900,000 sq.ft.
Class B/CBD: 1,158,000 sq.ft.
Class B/OutCBD: 1,750,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 141,000 sq.ft.
Class A/OutCBD: 175,000 sq.ft.
Class B/CBD: 389,000 sq.ft.
Class B/OutCBD: 368,000 sq.ft.

VACANCY RATES
Class A/CBD: 14.8%
Class A/OutCBD: 19.4%
Class B/CBD: 33.6%
Class B/OutCBD: 21.0%

SUBLEASE INVENTORY
Class A: 27,000 sq.ft.
Class B: 50,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 40,000 sq.ft.

NET ABSORPTION
Class A/CBD: 52,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 99,000 sq.ft.
Class B/OutCBD: 199,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.40 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Finance/Banking Engineering/Architecture
Minor Activity:	Insurance Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

GREENVILLE, SC: OFFICE

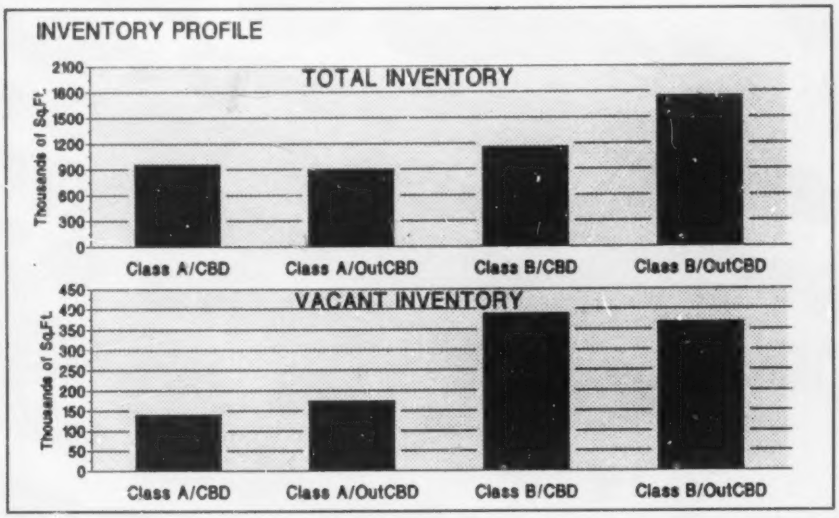
Market Area: Greenville and Greenville County

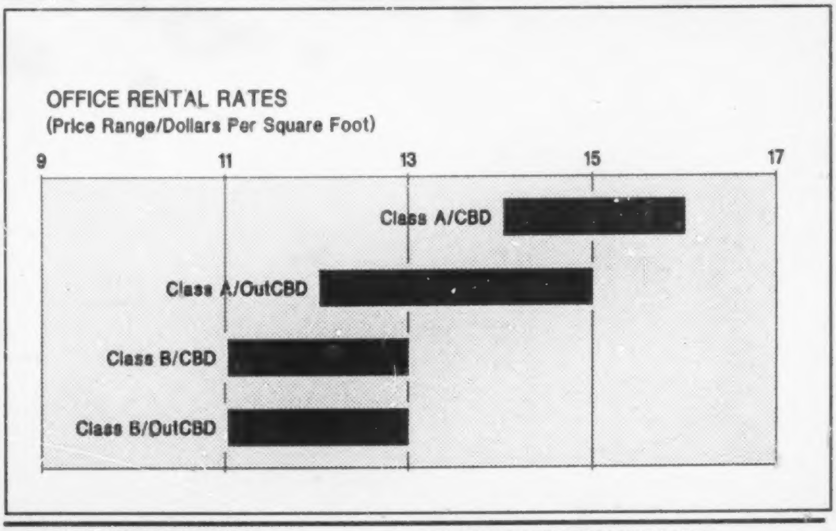
1988 REVIEW

After a period of significant growth, the office market in Greenville slowed in 1988, with light demand reported. Although vacancies were high, no large blocks of vacant space were reported. Only 100,000 square feet of space were built during the year, all outside the CBD. Class A/CBD office space rented typically for $14-16 per square foot, with Class B space, both in the CBD and the suburbs, rented for $11-13 per foot.

1989 FORECAST

The SIOR respondents believe that absorption of office space will pick up six to 10 percent in 1989, but that users will need larger spaces than are currently available, leading to a six to 10 percent increase in construction. Nevertheless, the trend to absorb from the current oversupply will continue, bringing vacancies down. As the market moves toward balance, rental rates will increase one to five percent, but in the beginning landlords will reduce the tenant impact by increasing concessions temporarily.





TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 16-20%

HARTFORD: OFFICE

Market Area: Hartford and Hartford County

DEMOGRAPHICS

POPULATION: 1,100,500
RANK BY POPULATION: 42
POPULATION GROWTH RATE: 1.28%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $34,034
RANK BY INCOME: 10
COST OF LIVING INDEX: 119.2
RANK BY COST OF LIVING: 8

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 7,488,194 sq.ft.
Class A/OutCBD: 9,017,341 sq.ft.
Class B/CBD: 1,750,832 sq.ft.
Class B/OutCBD: 1,321,512 sq.ft.

VACANT INVENTORY
Class A/CBD: 734,849 sq.ft.
Class A/OutCBD: 1,310,137 sq.ft.
Class B/CBD: 158,660 sq.ft.
Class B/OutCBD: 261,338 sq.ft.

VACANCY RATES
Class A/CBD: 9.8%
Class A/OutCBD: 14.5%
Class B/CBD: 9.1%
Class B/OutCBD: 19.8%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 1,205,414 sq.ft.
Class A/OutCBD: 1,670,600 sq.ft.
Class B/CBD: 410,000 sq.ft.
Class B/OutCBD: 340,000 sq.ft.

NET ABSORPTION
Class A/CBD: 269,965 sq.ft.
Class A/OutCBD: 648,851 sq.ft.
Class B/CBD: 163,482 sq.ft.
Class B/OutCBD: 31,733 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00 per sq.ft.
OutCBD: $1.54 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Government
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 20%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Down 1-5%

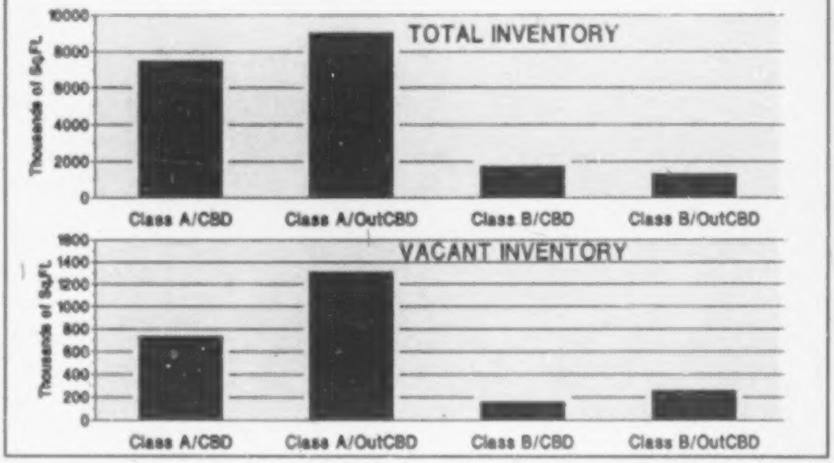
1988 REVIEW

After record absorption in 1986 and 1987, CBD market in Hartford slowed in 1988. Absorption in suburbs remained consistently strong, totalling nearly 680,000 square feet. Available space in the CBD remained relatively tight, with both Class A and B vacancies less than 10 percent, while vacancies outside the CBD reflected a pattern of speculative development recording vacancy rates in the teens.

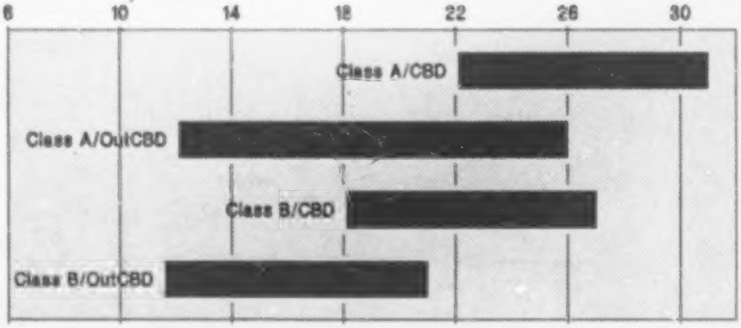
1989 FORECAST

Announced expansions by major corporate tenants in the Hartford office market lead SIOR panelists to be optimistic about 1989. The overall level of absorption is expected to remain near 1988 levels, while a 20 percent increase in construction is anticipated, much of this in a single 900,000 square foot building which has been announced. The tight market, especially in the CBD, will lead to a six to 10 percent increase in rental rates which will seem more significant as landlords reduce their concessions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 3,185,200
RANK BY POPULATION: 8
POPULATION GROWTH RATE: 0.38%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $30,451
RANK BY INCOME: 36
COST OF LIVING INDEX: 100.4
RANK BY COST OF LIVING: 40

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 24,762,949 sq.ft.
Class A/OutCBD: 34,583,971 sq.ft.
Class B/CBD: 7,988,345 sq.ft.
Class B/OutCBD: 48,419,736 sq.ft.

VACANT INVENTORY

Class A/CBD: 3,819,909 sq.ft.
Class A/OutCBD: 6,700,000 sq.ft.
Class B/CBD: 2,550,834 sq.ft.
Class B/OutCBD: 17,065,420 sq.ft.

VACANCY RATES

Class A/CBD: 15.4%
Class A/OutCBD: 19.4%
Class B/CBD: 31.9%
Class B/OutCBD: 35.2%

SUBLEASE INVENTORY

Class A: 1,105,400 sq.ft. (CBD only)
Class B: 37,800 sq.ft. (CBD only)

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 140,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 952,878 sq.ft.
Class A/OutCBD: 1,329,777 sq.ft.
Class B/CBD: (130,084) sq.ft.
Class B/OutCBD: 716,515 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 3000 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.00-$1.25 per sq.ft.
OutCBD: $1.00-$1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: Varies

LEASING ACTIVITY PROFILE

Major Activity: Legal/Accounting
Insurance
Finance/Banking
Engineering/Architecture
Government
Energy
Minor Activity: Business Services

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Down 6-10%

HOUSTON: OFFICE

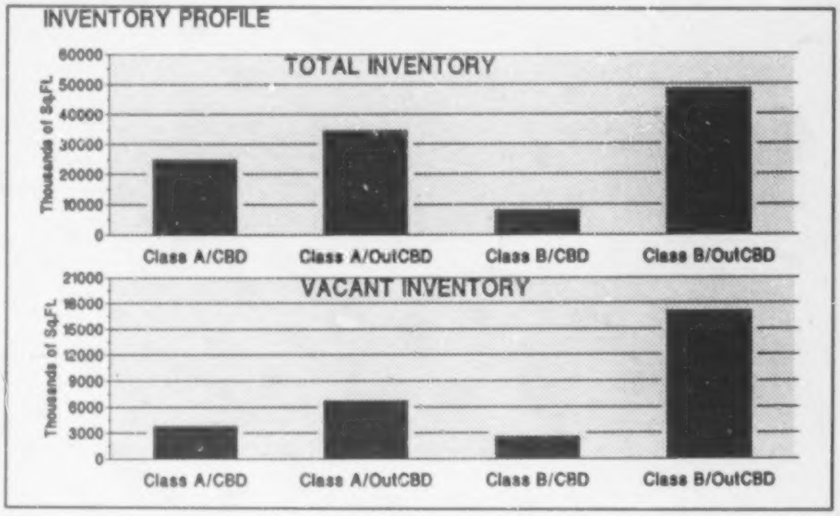
Market Area: Houston and Harris County

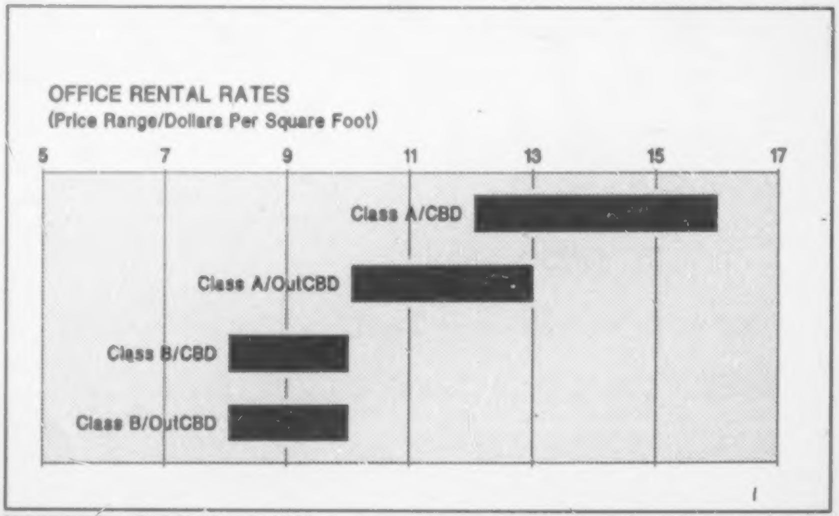
1988 REVIEW

Houston continued to diversify from strictly an oil-based economy to a service and high technology oriented one. Compaq became one of the fastest growing computer manufacturers in the country, and expanded some of its headquarter space in northwest Houston. However, the oil industry still remained crucial to Houston's prosperity. Consolidation in the energy industry caused employment to increase somewhat during 1988. Both leasing activity and absorption were stronger in 1988 than in 1987. Vacancy rates were lower. The Houston economy improved, but it remained restricted by the illiquidity in the banking and savings and loan industry.

1989 FORECAST

The future will improve for the Houston office market. Foreign and domestic investors will continue to evaluate properties for potential purchases. Only one new office building will be under construction, a 140,000 square foot project being developed near NASA. Absorption is expected to increase. This demand will probably be sufficient enough for rental rates to increase as well.





TYPICAL CONCESSIONS:

Parking
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,229,100
RANK BY POPULATION: 39
POPULATION GROWTH RATE: 0.7%
UNEMPLOYMENT RATE: 5.3%
MEDIAN HOUSEHOLD INCOME: $27,854
RANK BY INCOME: 85
COST OF LIVING INDEX: 97.4
RANK BY COST OF LIVING: 54

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 5,078,000 sq.ft.
Classes A&B/OutCBD: 11,815,000 sq.ft.
Class B/CBD: 2,194,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,393,000 sq.ft.
Classes A&B/OutCBD: 2,672,000 sq.ft.
Class B/CBD: 157,000 sq.ft.

VACANCY RATES
Class A/CBD: 27.4%
Classes A&B/OutCBD: 22.6%
Class B/CBD: 7.2%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 1,278,912 sq.ft.
Classes A&B/OutCBD: 1,275,000 sq.ft.
Class B/CBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 431,000 sq.ft.
Classes A&B/OutCBD: 485,000 sq.ft.
Class B/CBD: 40,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: greater than $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25-$1.30 per sq.ft.
OutCBD: $1.25-$1.30 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.00 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Finance/Banking
Minor Activity:	Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6 10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

INDIANAPOLIS: OFFICE

Market Area: Indianapolis Metropolitan Area

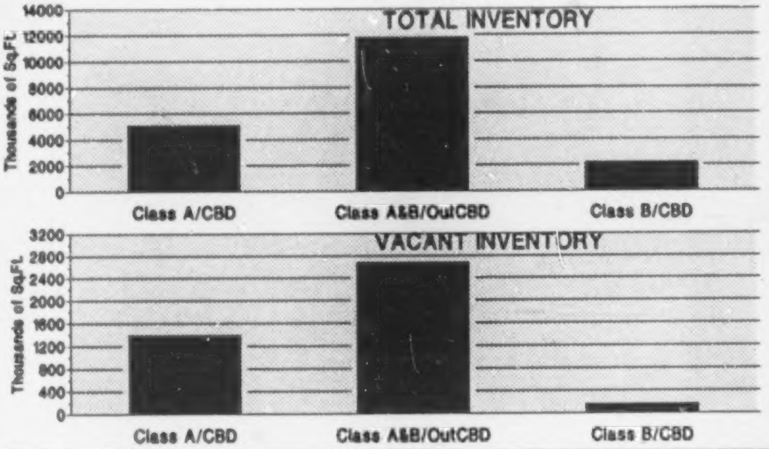
1988 REVIEW

Indianapolis experienced a slowdown in the demand for office space from 1987 to 1988. Net absorption declined by approximately 52 percent from 1,400,000 square feet absorbed in 1987 to 892,000 square feet absorbed in 1988. The office market became a renter's market during the year. Lease concessions caused the effective rental rates to be about 20 percent lower than the quoted rates. Average vacancy rates for Class A space were greater than 22 percent. The CBD had the highest average vacancy rate.

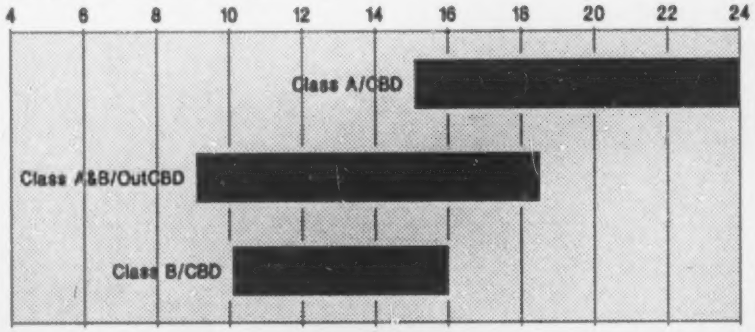
1989 FORECAST

The Indianapolis office market will remain a renter's market during 1989. Tenants should be able to find good deals. Approximately 2.5 million square feet of office space will come on-line during the year, increasing the supply of available space. Vacancies are expected to increase due to the greater supply and the anticipated decrease in absorption. Lease concessions are also expected to increase, and they should cause effective rental rates to be lower than in 1987.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 20%

DEMOGRAPHICS

POPULATION: 145,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.30%
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $25,636
RANK BY INCOME: 164
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 35,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 5,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 35,000 sq.ft.

VACANCY RATES
Class A/CBD: 3.3%
Class A/OutCBD: n/a
Class B/CBD: 100%
Class B/OutCBD: 100%

SUBLEASE INVENTORY
Class A: n/a
Class B: 100,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 20,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 10,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER
Typically based on: n/a
Approximate dollar value: n/a

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: n/a

JACKSON, MI: OFFICE

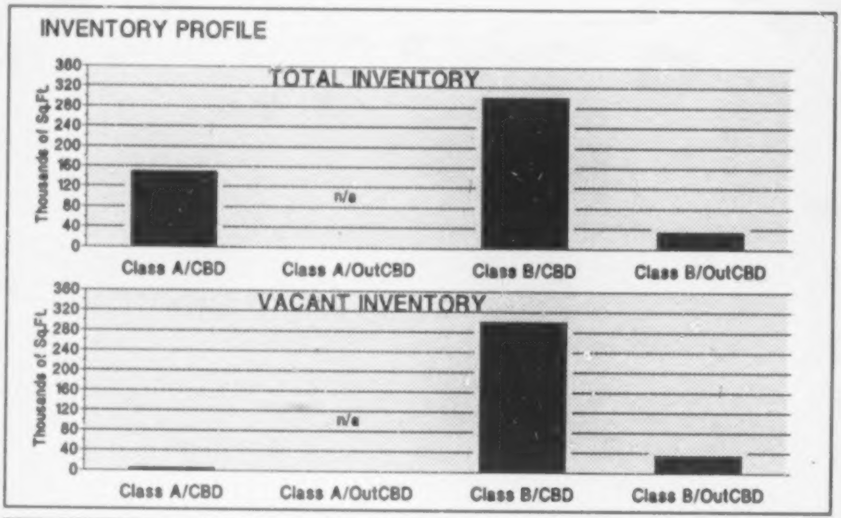
Market Area: Jackson Metropolitan Area

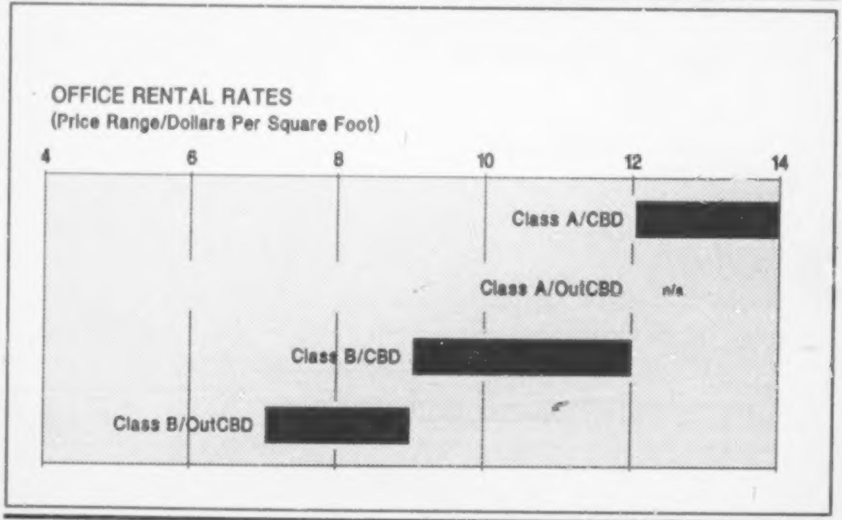
1988 REVIEW

The office market in Jackson is relatively small, with fewer than 500,000 square feet of total office space, most of it in Class B buildings. Only 3.3 percent of the 150,000 square feet of Class A space was vacant. During the year 10,000 square feet of Class A/CBD and 20,000 square feet of Class B/CBD space was absorbed. Rental rates for the Class A space averaged $12-14 per square foot, while Class B space outside the CBD went for $7-9 per square foot.

1989 FORECAST

SIOR respondents feel 1989 will bring a stable market, with absorption, construction, and vacancies near the current level. The heavy supply of vacant Class B space throughout the market will prevent significant changes in rental rates, while the local pattern of few rental discounts will likely prevail.





TYPICAL CONCESSIONS:
Parking

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 396,600
RANK BY POPULATION: 88
POPULATION GROWTH RATE: 0.54%
UNEMPLOYMENT RATE: 5.8%
MEDIAN HOUSEHOLD INCOME: $23,222
RANK BY INCOME: 240
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Classes A&B/CBD: 3,019,500 sq.ft.
Classes A&B/OutCBD: 5,920,200 sq.ft.

VACANT INVENTORY
Classes A&B/CBD: 498,000 sq.ft.
Classes A&B/OutCBD: 1,373,000 sq.ft.

VACANCY RATES
Classes A&B/CBD: 16.5%
Classes A&B/OutCBD: 23.2%

SUBLEASE INVENTORY
Classes A&B: 100,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 293,000 sq.ft.
Class A/OutCBD: 379,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Classes A&B/CBD and OutCBD: 190,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12-$15 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25-$1.75 per sq.ft.
OutCBD: $1.25-$1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $3.50-$4.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

JACKSON, MS: OFFICE

Market Area: Jackson Metropolitan Area

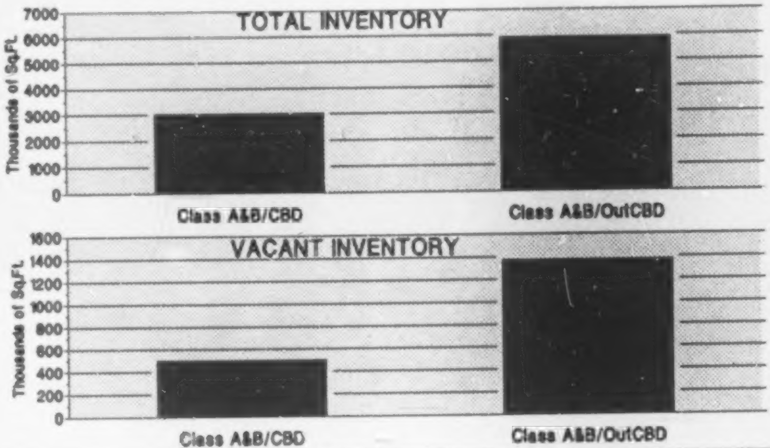
1988 REVIEW

Vacant office space is an increasing problem in the Jackson market as construction in 1988 outpaced absorption by a considerable margin. A total of 190,000 square feet of space was absorbed during the year while 672,000 square feet was constructed. This resulted in vacancy rates of 16.5 percent in the CBD and 23.2 percent in outlying areas. Rental costs were moderate, with Class A space downtown in the $14-16 range per square foot while at the low extreme Class B space outside the CBD leased for $8-12.

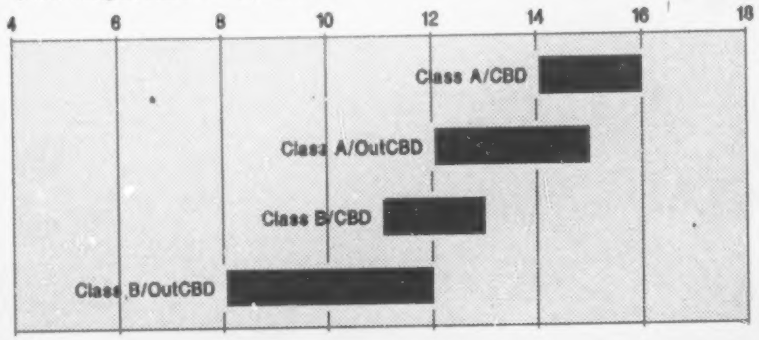
1989 FORECAST

SIOR respondents believe 1989 will experience some improvement in the office market. Stable absorption and a lower level of construction will lead to some reduction in the vacancy inventory--perhaps as much as six to 10 percent. Nevertheless, the high level of current inventory will prevent much escalation in rental rates. Landlords are expected to reduce concessions somewhat to improve profitability.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 877,600
RANK BY POPULATION: 58
POPULATION GROWTH RATE: 2.08%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $24,757
RANK BY INCOME: 189
COST OF LIVING INDEX: 100.1
RANK BY COST OF LIVING: 43

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 4,532,000 sq.ft.
Class A/OutCBD: 2,675,000 sq.ft.
Class B/CBD: 1,850,000 sq.ft.
Class B/OutCBD: 680,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 364,000 sq.ft.
Class A/OutCBD: 482,000 sq.ft.
Class B/CBD: 276,000 sq.ft.
Class B/OutCBD: 95,000 sq.ft.

VACANCY RATES
Class A/CBD: 8.0%
Class A/OutCBD: 18.0%
Class B/CBD: 14.9%
Class B/OutCBD: 14.0%

SUBLEASE INVENTORY
Class A: 63,400 sq.ft.
Class B: 33,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 1,353,000 sq.ft.
Class A/OutCBD: 950,500 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on the quantity of materials. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25 per sq.ft.
OutCBD: $1.15 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: Varies

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Minor Activity: Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

JACKSONVILLE: OFFICE

Market Area: Jacksonville Metropolitan Area

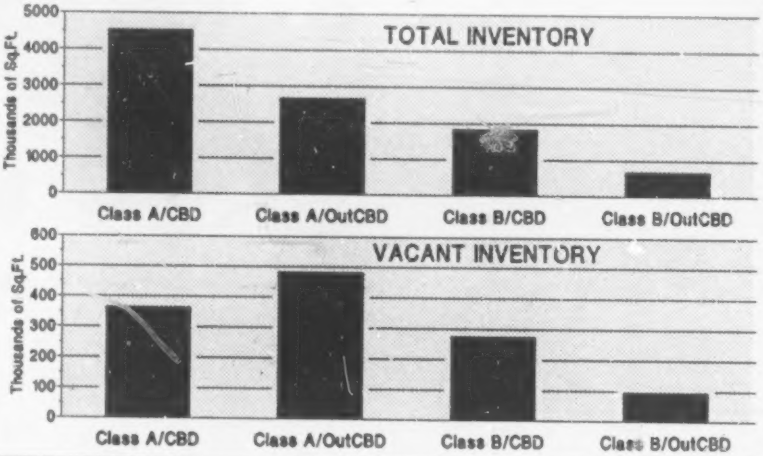
1988 REVIEW

Although there was a significant amount of activity in the office building market, the rate of absorption did not increase to the same degree. Considerable move-up activity and some important relocations such as American Express led the market. Jacksonville became a major regional medical center when the Mayo Clinic moved into the area. This encouraged pharmaceutical and biomed facilities to open and to become a factor for the future.

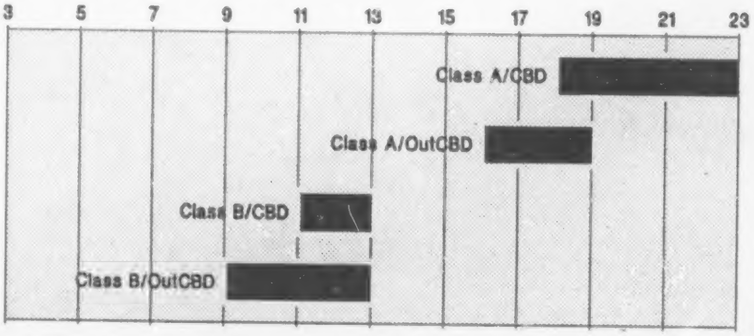
1989 FORECAST

Continued growth is anticipated as the favorable business climate continues to attract new business and industry. A growing economy, with low costs and a good quality of life, is attractive to those looking to locate in the Sunbelt. These factors should help the leasing of retail space which is currently overbuilt. Three developers, Paragon, Rouse and Associates, and the Regency Group all have new buildings coming onto the market in 1989.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

KANSAS CITY, MO: OFFICE

Market Area: Kansas City Metropolitan Area including Johnson County, KS

DEMOGRAPHICS

POPULATION: 1,538,700
RANK BY POPULATION: 28
POPULATION GROWTH RATE: 0.16%
UNEMPLOYMENT RATE: 5.6%
MEDIAN HOUSEHOLD INCOME: $28,332
RANK BY INCOME: 66
COST OF LIVING INDEX: 97.1
RANK BY COST OF LIVING: 55

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 5,000,000 sq.ft.
Class A/OutCBD: 15,110,000 sq.ft.
Class B/CBD: 5,000,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 615,000 sq.ft.
Class A/OutCBD: 3,109,000 sq.ft.
Class B/CBD: 1,150,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

VACANCY RATES
Class A/CBD: 12.3%
Class A/OutCBD: 20.6%
Class B/CBD: 23%
Class B/OutCBD: 10%

SUBLEASE INVENTORY
Class A: n/a
Class B: 90,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 250,000 sq.ft.
Class A/OutCBD: 680,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 625,000 sq.ft.
Class A/OutCBD: 1,550,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14-$18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250-300 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00-$2.15 per sq.ft.
OutCBD: $1.50-$1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.00 (CBD); $4.00-$4.50 (OutCBD)

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

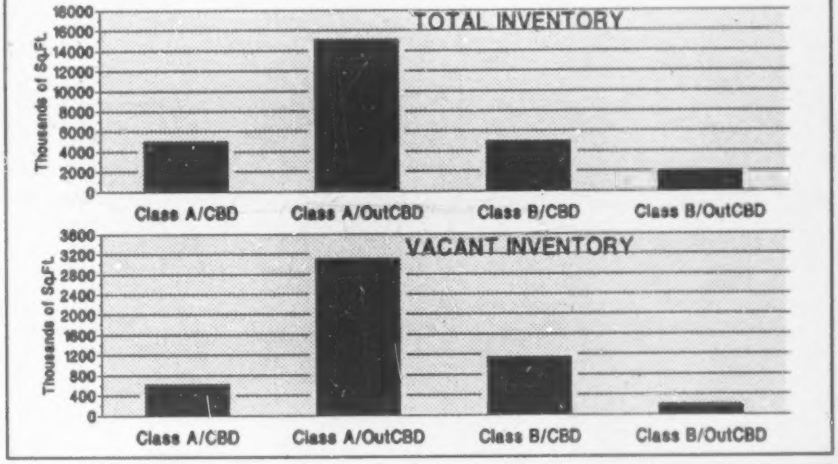
1988 REVIEW

Both the local and regional economies showed steady growth due to expansion in service industries. The steady expansion kept employment high and the overall unemployment rate down. Kansas City became recognized as a metropolitan center and attracted relocations of company headquarters and branch offices. The demand for space in 1988 continued at a slow but steady pace, and absorbed most of the new inventory. Three new downtown projects were announced.

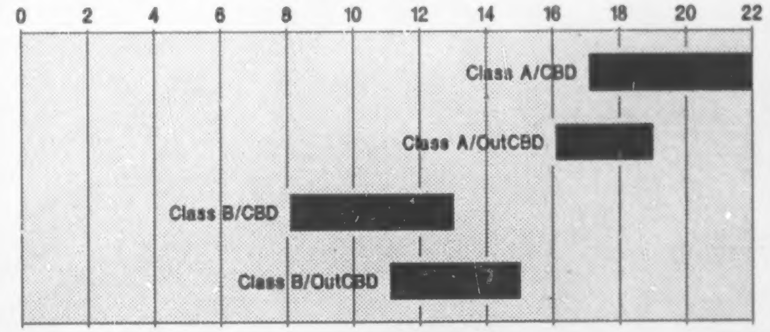
1989 FORECAST

Ten major developers will continue to work the metropolitan area. Several national developers should also remain active in the market. The new downtown projects will create additional available space. Sales are expected to pick up during the year. Corporate relocations to the area should continue.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements
Moving Allowance

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 587,100
RANK BY POPULATION: 81
POPULATION GROWTH RATE: 0.01%
UNEMPLOYMENT RATE: 6.7%
MEDIAN HOUSEHOLD INCOME: $22,556
RANK BY INCOME: 261
COST OF LIVING INDEX: 95.9
RANK BY COST OF LIVING: 60

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,040,000 sq.ft.
Class A/OutCBD: 210,000 sq.ft.
Class B/CBD: 3,040,000 sq.ft.
Class B/OutCBD: 4,200,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 410,000 sq.ft.
Class A/OutCBD: 40,000 sq.ft.
Class B/CBD: 660,000 sq.ft.
Class B/OutCBD: 480,000 sq.ft.

VACANCY RATES
Class A/CBD: 39.4%
Class A/OutCBD: 19.0%
Class B/CBD: 21.7%
Class B/OutCBD: 11.4%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 220,000 sq.ft.

NET ABSORPTION
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 20,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 80,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 2 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Finance/Banking
Government
Energy
Minor Activity: Insurance
Business Services
Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 6-10%
VACANCIES: Same
RENTAL RATES: n/a
LANDLORD CONCESSIONS: Same

KNOXVILLE: OFFICE

Market Area: Knox County

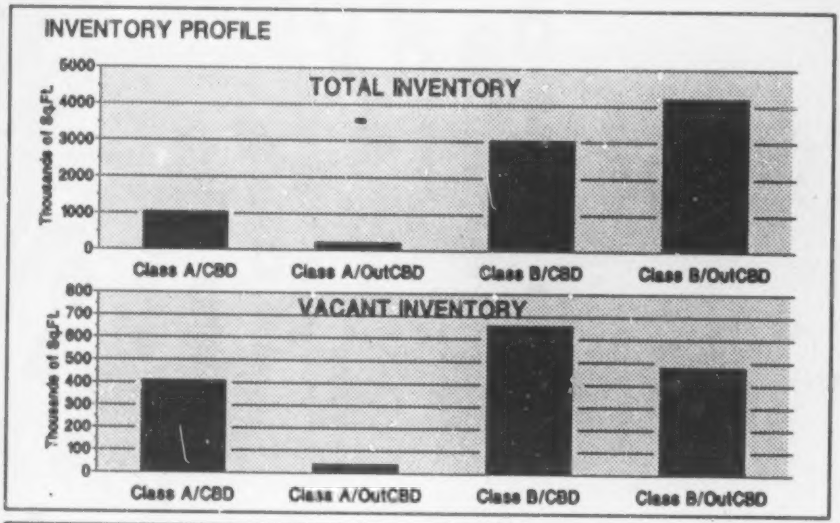
1988 REVIEW

Two large blocks of office space were added to the downtown market in Knoxville during 1988. As the result of a huge cutback in the Tennessee Valley Authority, 430,000 square feet of space came on the rental market. An additional 300,000 square feet of Class A space became available when a building (owned by the Federal Deposit Insurance Corporation) was put on the open market. These two buildings alone constitute almost 18 percent of all the rentable space in the CBD.

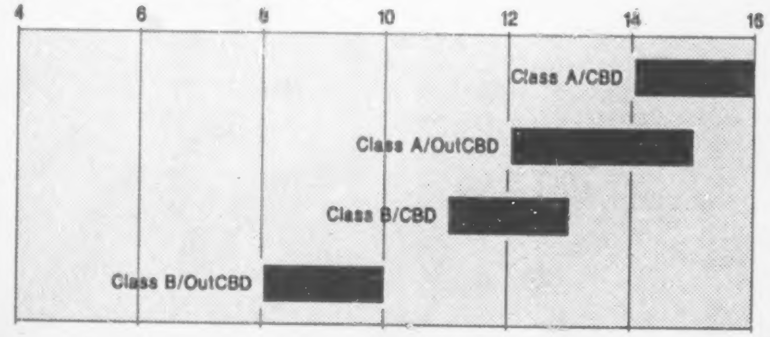
1989 FORECAST

SIOR respondents in Knoxville expect the demand will be strong for new space in Class A buildings primarily at the expense of the Class B properties. Due to the tremendous supply of space both inside and outside the CBD these leasing experts expect there will be little speculative office space started during 1989. While the outlook is for construction to decrease six to ten percent absorption is only going to increase one to five percent. The net result will be that vacancies and landlord concessions will remain essentially the same.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 390,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.10%
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $20,620
RANK BY INCOME: 300
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 312,260 sq.ft.
Class A/OutCBD: 140,000 sq.ft.
Class B/CBD: 19,000 sq.ft.
Class B/OutCBD: 1,004,744 sq.ft.

VACANT INVENTORY
Class A/CBD: 46,842 sq.ft.
Class A/OutCBD: 49,600 sq.ft.
Class B/CBD: 150 sq.ft.
Class B/OutCBD: 346,139 sq.ft.

VACANCY RATES
Class A/CBD: 15.0%
Class A/OutCBD: 35.4%
Class B/CBD: .79%
Class B/OutCBD: 34.5%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 222,700 sq.ft.
Class A/OutCBD: 84,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 77,000 sq.ft.
Class A/OutCBD: (55,000) sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 444,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 500 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Insurance Business Services Sales Finance/Banking Government
Minor Activity:	Legal/Accounting Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

LAKELAND: OFFICE

Market Area: Lakeland Metropolitan Area

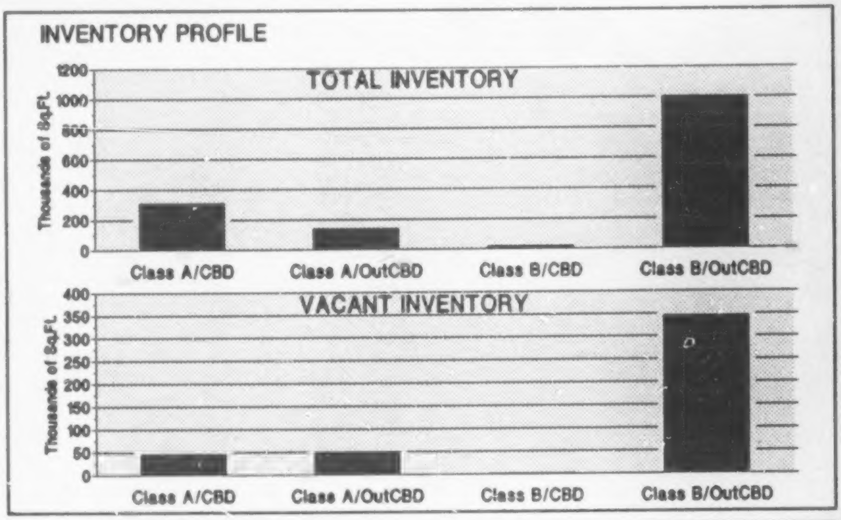
1988 REVIEW

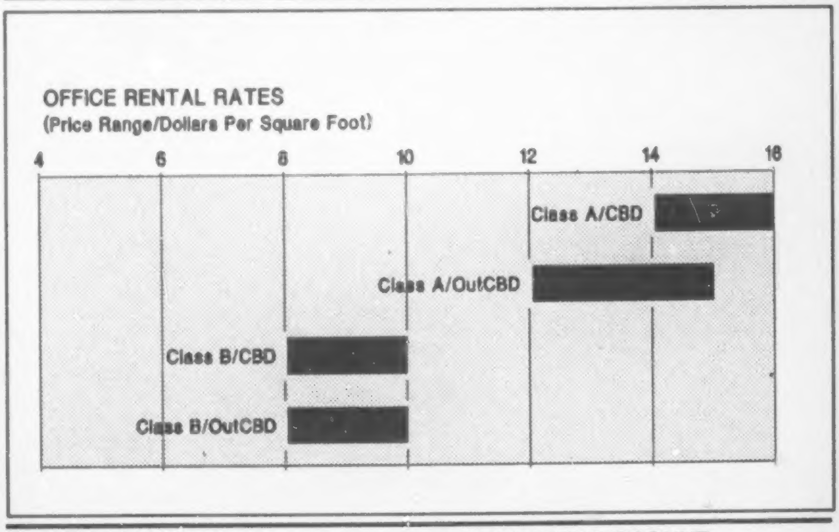
The service-oriented Lakeland economy remained strong in 1988. There was a demand for industrial development and residential projects due to relatively low land costs in comparison to other Florida cities.

1989 FORECAST

Based on Lakeland's central location, demand for office space should continue into the 1990s. Two new speculative developments projects are planned for 1989 totalling 150,000 to 200,000 square feet.

In general, both construction and absorption should increase six to 10 percent. Rental rates are expected to increase one to five percent. Both vacancies and landlord concessions are expected to remain the same in 1989.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

LANSING: OFFICE

Market Area: Lansing Metropolitan Area

1988 REVIEW

Demand for office space during 1988 was in the slow to moderate range, with a four percent absorption rate. Multiple tenant office buildings dominated the market. The state of Michigan was a large user of space, including its own buildings as well as space leased from the private sector.

1989 FORECAST

Currently the unemployment rate in the Lansing area is in the five percent range. Little speculative development is planned for 1989. Many state-leased buildings will be constructed. The outlook for the market in 1989 is one of little change. Absorption is expected to remain the same as 1988. Rental rates and landlord concessions will increase modestly, to five percent.

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.2%
MEDIAN HOUSEHOLD INCOME: $22,007
RANK BY INCOME: 127
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 800,000 sq.ft.
Class A/OutCBD: 1,247,380 sq.ft.
Class B/CBD: 1,645,500 sq.ft.
Class B/OutCBD: 1,634,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 41,665 sq.ft.
Class A/OutCBD: 85,950 sq.ft.
Class B/CBD: 14,400 sq.ft.
Class B/OutCBD: 28,650 sq.ft.

VACANCY RATES
Class A/CBD: 5.2%
Class A/OutCBD: 6.9%
Class B/CBD: .8%
Class B/OutCBD: 1.8%

SUBLEASE INVENTORY
Class A: 127,615 sq.ft.
Class B: 43,050 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: 40,000 sq.ft.

NET ABSORPTION
Class A/CBD: 4%
Class A/OutCBD: 4%
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.35 per sq.ft.
Space for lease is typically not separately metered.

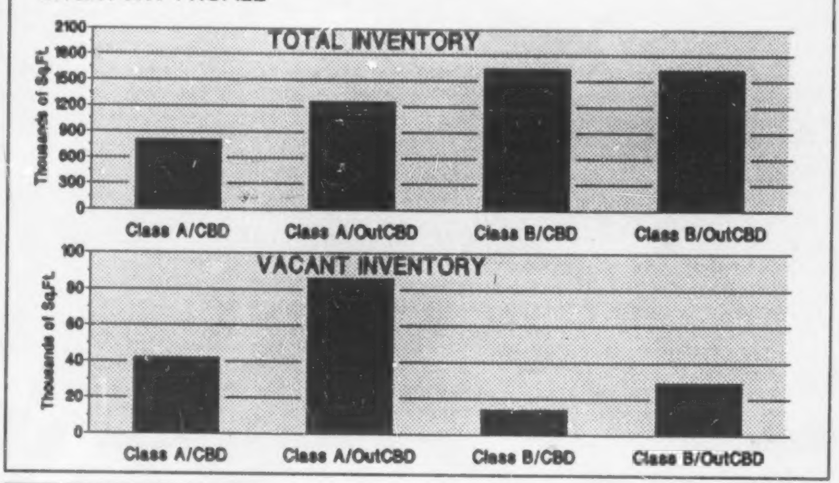
OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government
Minor Activity: Engineering/Architecture

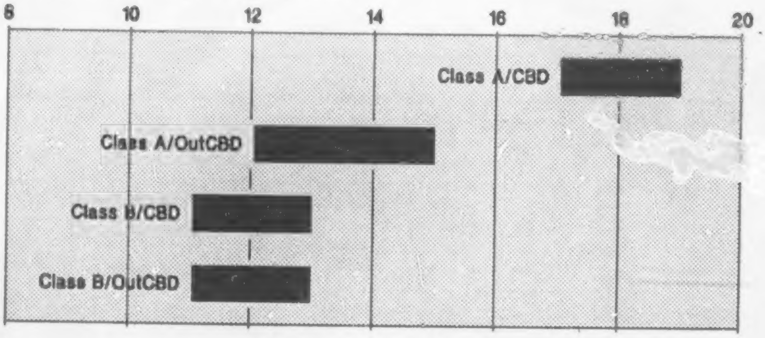
OUTLOOK

ABSORPTION: Same
CONSTRUCTION: n/a
VACANCIES: Up 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 508,000
RANK BY POPULATION: 83
POPULATION GROWTH RATE: 0.58%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $24,150
RANK BY INCOME: 211
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,933,749 sq.ft.
Class A/OutCBD: 1,801,924 sq.ft.
Class B/CBD: 781,149 sq.ft.
Class B/OutCBD: 1,020,287 sq.ft.

VACANT INVENTORY
Class A/CBD: 682,443 sq.ft.
Class A/OutCBD: 359,325 sq.ft.
Class B/CBD: 108,411 sq.ft.
Class B/OutCBD: 151,248 sq.ft.

VACANCY RATES
Class A/CBD: 23.3%
Class A/OutCBD: 19.9%
Class B/CBD: 13.9%
Class B/OutCBD: 14.8%

SUBLEASE INVENTORY
Class A: 43,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 70,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 81,464 sq.ft.
Class A/OutCBD: 86,233 sq.ft.
Class B/CBD: 26,902 sq.ft.
Class B/OutCBD: 90,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00 per sq.ft.
OutCBD: $2.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: None
Minor Activity: Legal/Accounting
Business Services
Sales
Finance/Banking
Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

LITTLE ROCK : OFFICE

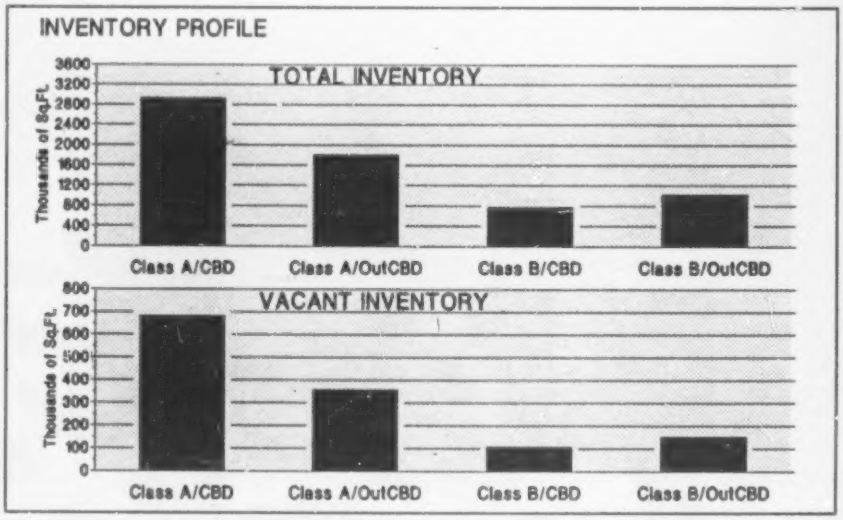
Market Area: Little Rock Metropolitan Area including Western Little Rock

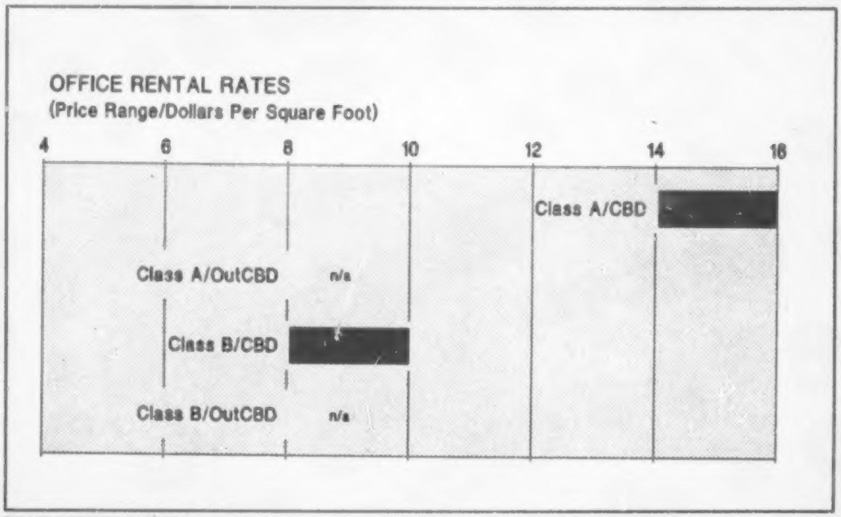
1988 REVIEW

The Little Rock economy still suffered from the various negative impacts brought on by the slump in the oil industry. Leasing activity was somewhat stronger than anticipated; however, the market remained slow. More leases were signed in the suburbs than in the CBD. The net absorption resulted from local business expansions and relocations. No foreign investment was apparent.

1989 FORECAST

New speculative construction will be limited and will include a building developed by Koger. Leasing activity is expected to be similar to 1988. This should result in close to the same amount of net absorption. Lease concessions will remain the same as 1988, and they will probably cause effective rental rates to be approximately 11 to 15 percent lower than quoted rates.





TYPICAL CONCESSIONS:
Parking (OutCBD)
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION
Anaheim-Santa Ana: 2,226,000
Los Angeles-Long Beach: 8,451,000
Oxnard-Ventura: 632,000
Riverside-San Bernardino: 2,130,000

POPULATION GROWTH RATE
Anaheim-Santa Ana: 1.6%
Los Angeles-Long Beach: 1.2%
Oxnard-Ventura: 2.0%
Riverside-San Bernardino: 3.6%

EMPLOYMENT GROWTH RATE
Anaheim-Santa Ana: 3.7%
Los Angeles-Long Beach: 2.2%
Oxnard-Ventura: 4.1%
Riverside-San Bernardino: 4.2%

UNEMPLOYMENT RATE
Anaheim-Santa Ana: 2.5%
Los Angeles-Long Beach: 3.6%
Oxnard-Ventura: 4.6%
Riverside-San Bernardino: 4.6%

PER CAPITA INCOME
Anaheim-Santa Ana: $14,183
Los Angeles-Long Beach: $11,324
Oxnard-Ventura: $12,137
Riverside-San Bernardino: $10,032

LOS ANGELES METROPOLITAN AREA

Los Angeles Office Markets

The Los Angeles market area almost defies description. It encompasses an enormous area of Southern California and is changing considerably.

The population of the entire area is almost 13 million and growing at an average rate of two percent per year. The pace of growth has contributed to the frequent traffic congestion and high housing costs. Even so, Los Angeles continues to be a very attractive place to live. People are drawn to its cultural and social atmosphere, temperate climate, and international service economy.

The high growth sectors of the economy are tied to the U.S. trade with the Pacific Basin countries. Trade impacts the industrial real estate market in several ways. Goods and services passing through the area create the need for warehouse and distribution space. In addition, service oriented businesses such as finance, insurance, legal affairs, and consulting continue to flourish as trade increases.

SIOR respondents separated the Los Angeles Metropolitan Area into five distinct market areas to more accurately reflect the diverse characteristics. On the following pages are five market areas in and around the Los Angeles Metropolitan Area. They are:

Los Angeles-Central,
Los Angeles-East,
Los Angeles-Orange County,
Los Angeles-San Fernando Valley,
Los Angeles-South Bay.

LOS ANGELES-CENTRAL: OFFICE

Market Area: Downtown Los Angeles and Los Angeles County

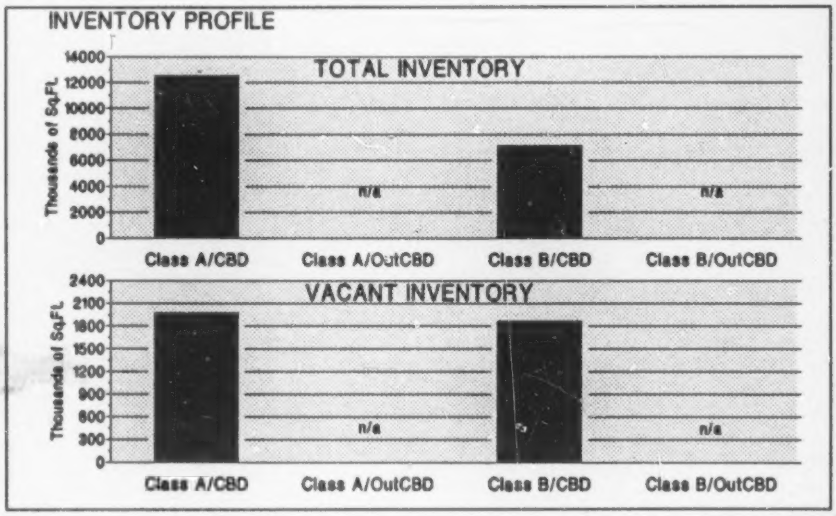
1988 REVIEW

In a city where nearly two-thirds of the office space is Class A, more than 90 percent of the 1988 office absorption occurred in downtown (CBD) Class A buildings. New construction continued in the CBD. Rental rates ranged from a low of $23 in Class B space to a high of $34 in new Class A properties. Lease concessions were prevalent and typically reduced gross rental rates by 11 to 15 percent.

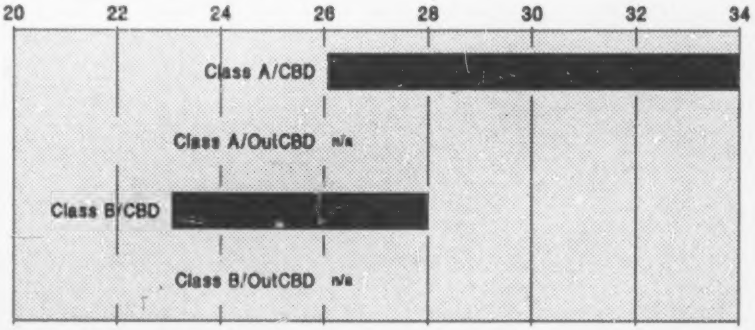
1989 FORECAST

The office market in the CBD is expected to remain soft. Absorption and construction will increase slightly, approximately one to five percent. Nearly 3.9 million square feet of space should remain under construction. The total square footage under construction represents 30 percent of the standing stock. Vacancies and landlord concessions are expected to increase six to ten percent. Based on these factors, the SIOR respondent suggests that rents could decrease.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 12,541,192 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 7,142,924 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 1,980,065 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 1,872,168 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 15.9%
Class A/OutCBD: n/a
Class B/CBD: 26.2%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 238,360 sq.ft.
Class B: 342,068 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 3,872,690 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 1,400,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: (100,000) sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $35 or greater per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Finance/Banking Energy
Minor Activity:	Insurance Business Services Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Up 6-10%

LOS ANGELES-EAST: OFFICE

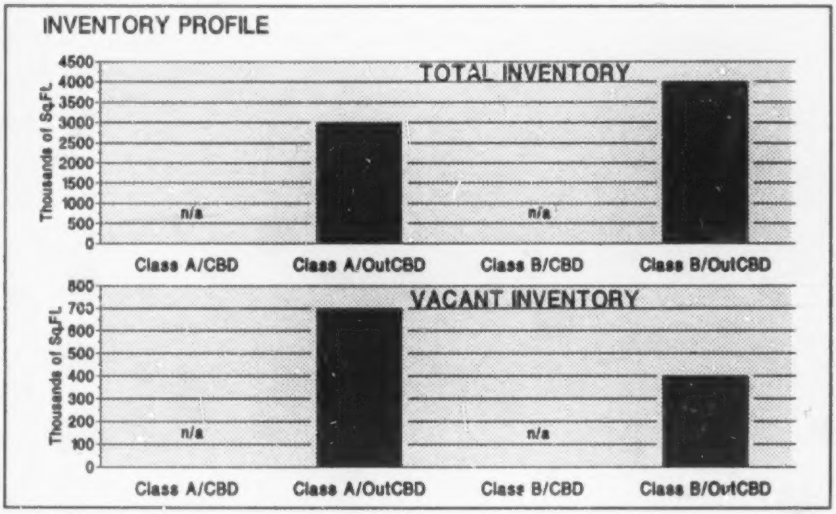
Market Area: East San Gabriel Valley

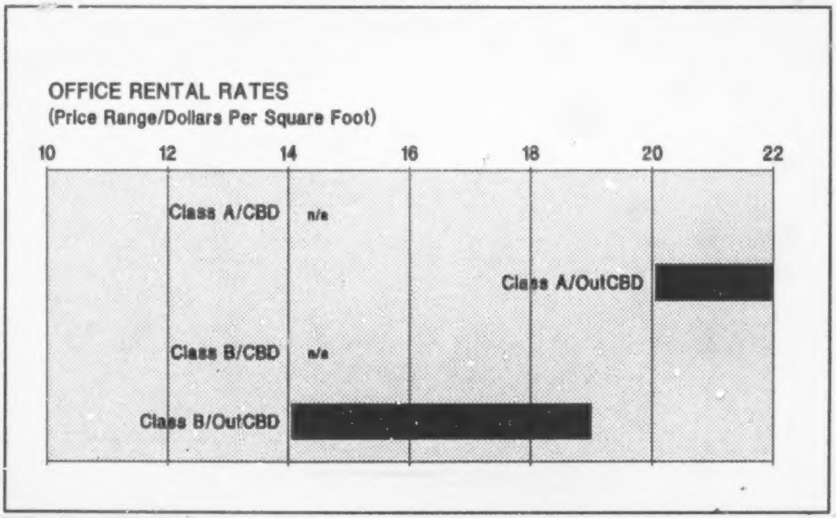
1988 REVIEW

San Gabriel is a suburban market area for the greater Los Angeles region. The office building market continued to be soft. In spite of a strong and excellent local economy, leasing activity was slow. The supply of office space exceeded the demand. Much of the demand was "back office" space used by companies minimizing their rental costs. New construction in the area exceeded the amount of space absorbed during 1988.

1989 FORECAST

The outlook for 1989 is for more of the same. Construction and rental rates are expected to continue much the same as they were in 1988. With absorption expected to rise, local SIOR members are anticipating vacancies will decrease one to five percent. Asking rental rates will remain the same. Effective rents should decrease because of the expected increase in lease concessions. Vacancy rates should be somewhat lower than in 1988.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
- Rental Abatement
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

MARKET DATA

TOTAL INVENTORY
- Class A/CBD: n/a
- Class A/OutCBD: 3,000,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 4,000,000 sq.ft.

VACANT INVENTORY
- Class A/CBD: n/a
- Class A/OutCBD: 700,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 400,000 sq.ft.

VACANCY RATES
- Class A/CBD: n/a
- Class A/OutCBD: 23.3%
- Class B/CBD: n/a
- Class B/OutCBD: 10%

SUBLEASE INVENTORY
- Class A: 50,000 sq.ft.
- Class B: 150,000 sq.ft.

CURRENT CONSTRUCTION
- Class A/CBD: n/a
- Class A/OutCBD: 500,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 200,000 sq.ft.

NET ABSORPTION
- Class A/CBD: n/a
- Class A/OutCBD: 350,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 250,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $21 per sq.ft.

TYPICAL PARKING RATIO
- CBD: n/a
- OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
- CBD: n/a
- OutCBD: $0.96-$1.20 per sq.ft.

Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop

LEASING ACTIVITY PROFILE

Major Activity: Insurance
Business Services
Sales
Government

Minor Activity: Legal
Accounting
Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 40,993,981 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 10,178,884 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 24.8%
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 664,455 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 4,487,403 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 2,553,793 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18-$24 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 250 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government
Minor Activity: Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 6-10%

LOS ANGELES–ORANGE COUNTY: OFFICE

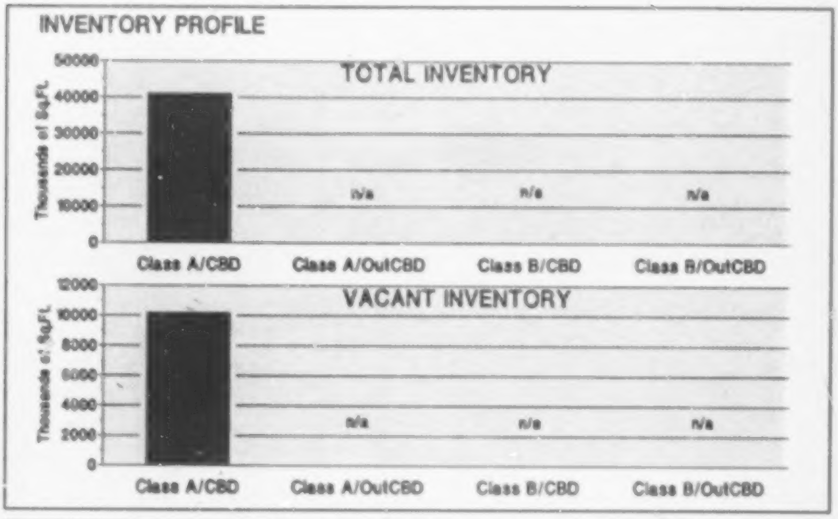
Market Area: Orange County

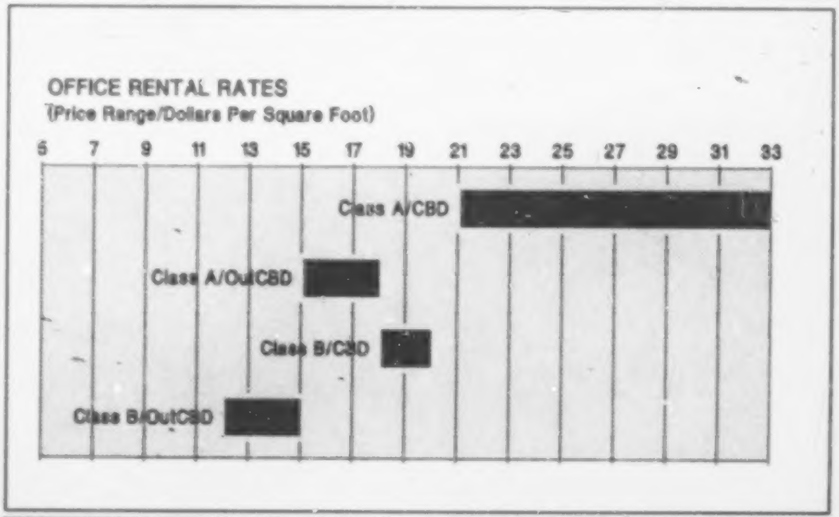
1988 REVIEW

The Class A/CBD office market in Orange County in 1988 was overbuilt, with vacancy rates approaching 25 percent. To make matters worse, construction during the year outran absorption by nearly two million square feet, adding to the inventory. Rental rates for these offices varied widely, with a range of $21 to $33 per square foot reported.

1989 FORECAST

SIOR respondents expect 1989 to be much like 1988, with some realignment of office markets within the County. While the greater airport area and South Counties will continue to be the most active submarkets, they will probably be less active than in 1988. Meanwhile, there is developing interest in the Central County market. Land costs will force construction to concentrate on larger Class A projects.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 15-25%

LOS ANGELES–SAN FERNANDO VALLEY: OFFICE

Market Area: San Fernando Valley

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,000,000 sq.ft.
Class A/OutCBD: 3,000,000 sq.ft.
Class B/CBD: 5,000,000 sq.ft.
Class B/OutCBD: 5,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

VACANCY RATES

Class A/CBD: 10.0%
Class A/OutCBD: 33.3%
Class B/CBD: 6.0%
Class B/OutCBD: 12.0%

SUBLEASE INVENTORY

Class A: 50,000 sq.ft.
Class B: 50,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 300,000 sq.ft.

NET ABSORPTION

Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 700,000 sq.ft.
Class B/CBD: 1,000,000 sq.ft.
Class B/OutCBD: 500,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $20-$25 per sq.ft.

TYPICAL PARKING RATIO

CBD: 3 per 1000 sq.ft.
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: $0.10-$0.15 per sq.ft.
OutCBD: $0.10-$0.15 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Sales
Minor Activity:	Finance/Banking Government

OUTLOOK

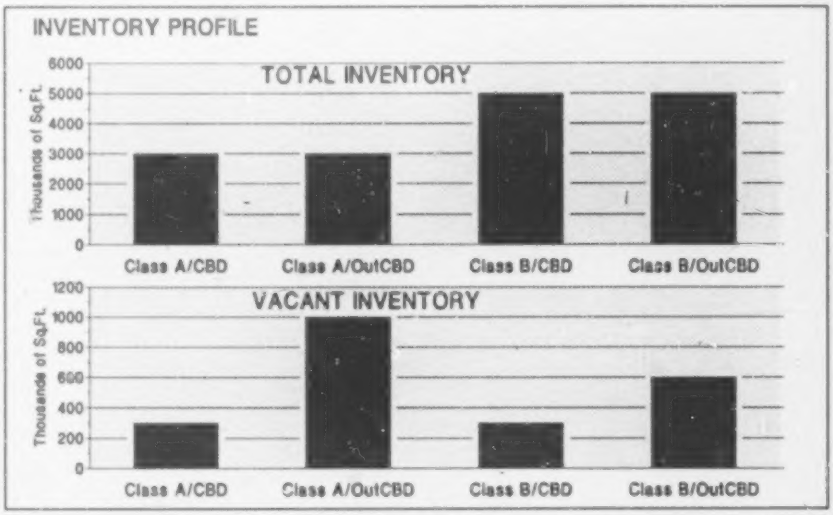
ABSORPTION: Up 6-10%
CONSTRUCTION: Down 1-5%
VACANCIES: Down 6-10 %
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Down 6-10%

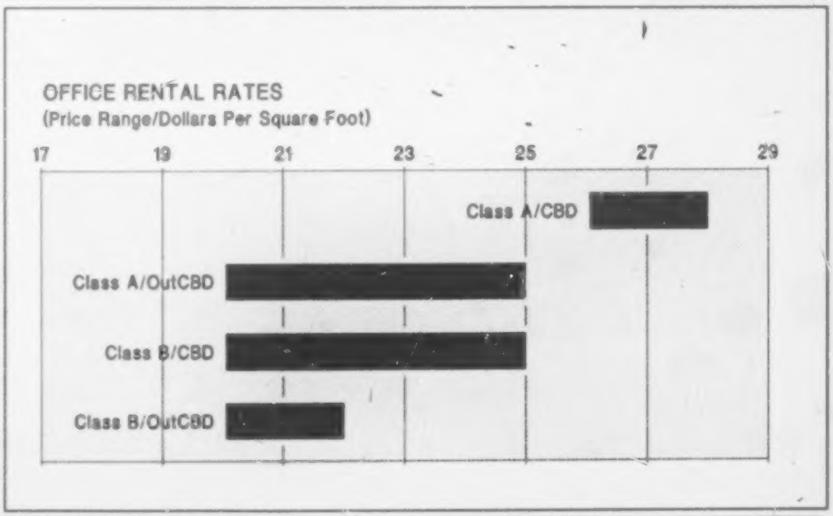
1988 REVIEW

Economic growth in the San Fernando Valley, especially by high tech industries, generated strong demand for office space, especially in the western portion of the market. A total of 1,000,000 square feet of Class A and 1,500,000 of Class B office space was absorbed during the year. CBD vacancy rates are especially low--10 percent for Class A and six percent for Class B space.

1989 FORECAST

SIOR respondents expect a tighter market through 1990, largely because of growth restrictions for new commercial developments. Accordingly, construction will decrease by up to five percent while absorption will increase six to 10 percent. The result will be a six to 10 percent reduction in vacancies, coupled by six to 10 percent increases in rental rates and fewer landlord concessions which increase effective rents even more.





TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 18,048,275 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 8,835,807 sq.ft.

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 4,190,358 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,589,729 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 23.2%
Class B/CBD: n/a
Class B/OutCBD: 18.0%

SUBLEASE INVENTORY
Class A: 341,196 sq.ft.
Class B: 153,343 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 1,720,708 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 253,705 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class B/CBD: n/a
Classes A&B/OutCBD: 2,312,921 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $25 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $7.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Minor Activity: Insurance
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: Down 6-10%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Same

LOS ANGELES-SOUTH BAY: OFFICE

Market Area: Torrance, Manchester Boulevard on the north to Orange County Line on the south

1988 REVIEW

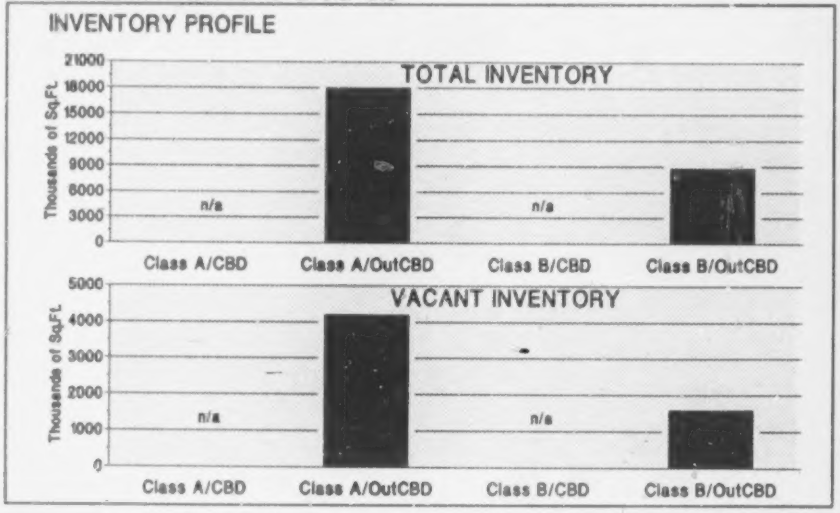
The Los Angeles-South Bay office market in 1988 proved to be better than originally anticipated with the absorption of over two million square feet of office space. This absorption primarily took place in the sub-market of Torrance and Long Beach. Due to the absorption, Torrance overall vacancies reduced from 30 to 24 percent and Long Beach vacancies decreased from 25 to 18 percent.

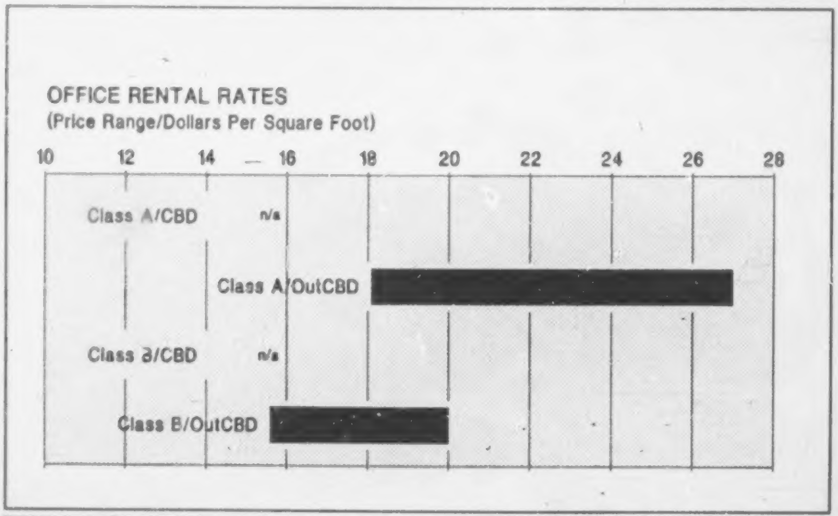
Los Angeles west side and Los Angeles downtown tenants relocated to the South Bay area in 1988. This was driven by the economics as well as the tenants' desire to avoid the congestion and difficult parking situations in their present locations.

1989 FORECAST

The trend for reduced needs in the aerospace defense industry which started in 1987, will continue through 1989. Rental rates in the LAX/El Segundo area will continue to be very soft as a result of this trend.

The area should experience a slight increase in speculative development in 1989. There are 6,000,000 square feet of proposed projects planned for 1989,


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 380,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 3.5%
UNEMPLOYMENT RATE: 5.1
MEDIAN HOUSEHOLD INCOME: $25,405
RANK BY INCOME: 173
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 1,036,702 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 400,564 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 38.6%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 4,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 82,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 116,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $15 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 300 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.20 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Business Services Engineering/Architecture
Minor Activity:	Legal/Accounting Insurance Sales Finance/Banking Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

MELBOURNE: OFFICE

Market Area: Melbourne and South Brevard County

1988 REVIEW

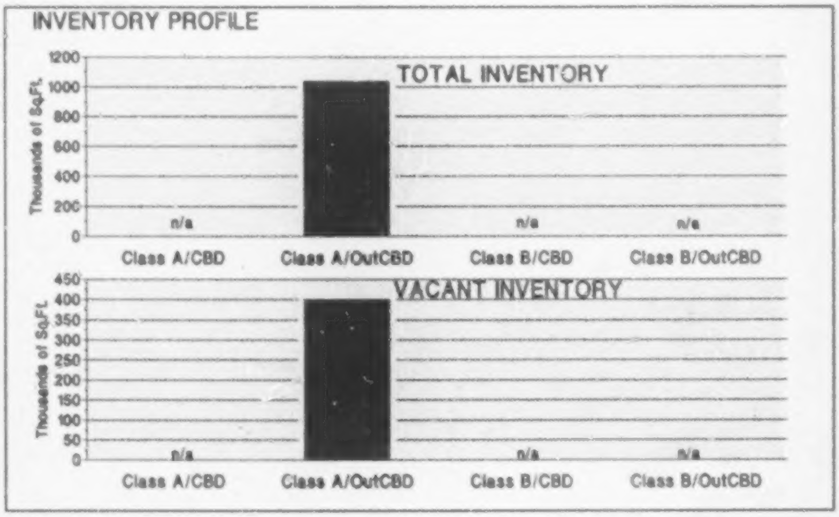
The local and regional economy was healthy in 1988. Brevard county was the sixth fastest growing metropolitan area in the nation. This was driven by the expanding electronics, high tech, and aerospace firms.

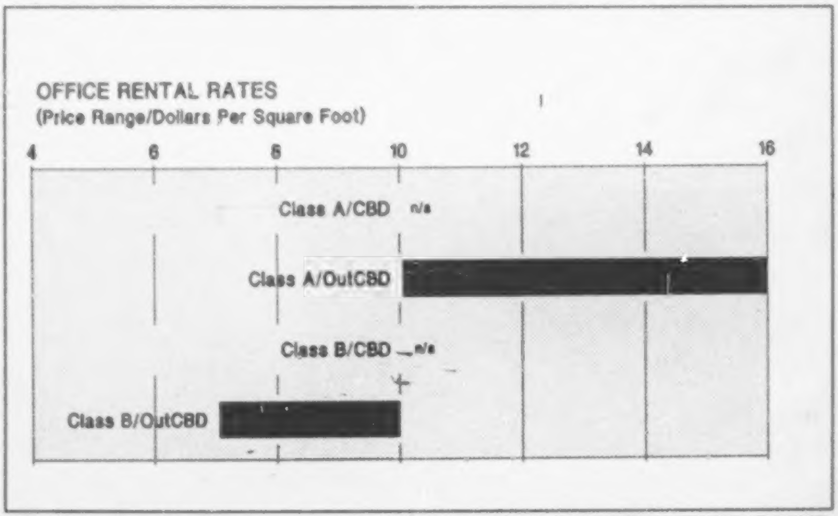
The demand for office space was steady with a slight increase in 1988 over 1987.

1989 FORECAST

The Melbourne economy should remain stable in 1989. Due to ample office space availability, there will be limited speculative office development in 1989.

In 1989, absorption and construction should increase one to five percent in 1989. Rental rates and landlord concessions are expected to maintain 1988 levels. Vacancies should decrease by 11 to 15 percent.





TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

MEMPHIS: OFFICE

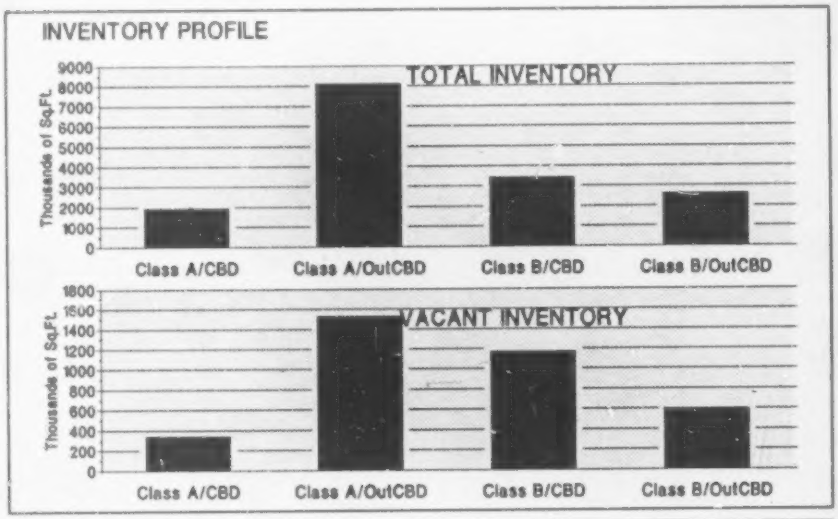
Market Area: Memphis Metropolitan Area

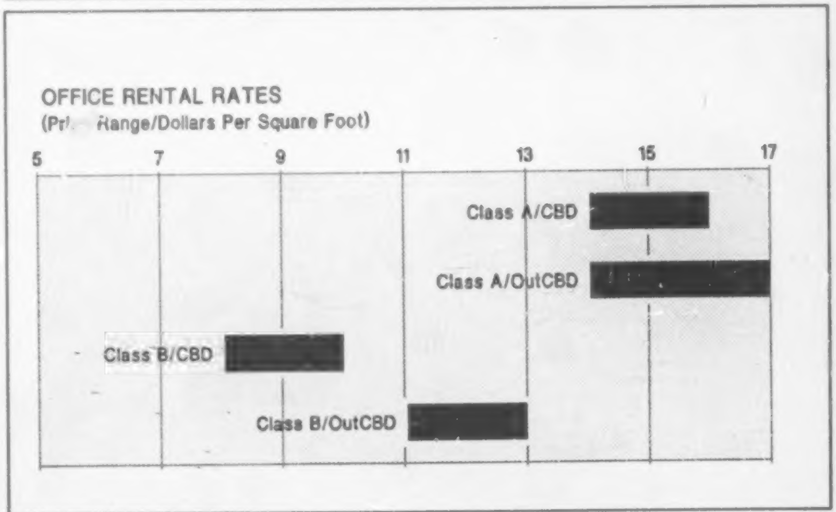
1988 REVIEW

Memphis had a stable demand for office space punctuated by a high level of competition. This situation resulted from a continuing burden of an oversupply of Class A space in conjunction with new competition from office showroom (high tech industrial) and garden style developments. The competition from office showroom space kept effective rental rates low.

1989 FORECAST

New development should remain limited to those projects with a high level of pre-leased space. New speculative development will be minimal, until such time as effective market rates justify the costs of new construction. The economy in Memphis continues to demonstrate good growth characteristics and all indications for the future are positive. Memphis' strength in the areas of distribution services continues to be a high point.





TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 8-14%

DEMOGRAPHICS

POPULATION: 971,600
RANK BY POPULATION: 47
POPULATION GROWTH RATE: 0.68%
UNEMPLOYMENT RATE: 4.9%
MEDIAN HOUSEHOLD INCOME: $24,271
RANK BY INCOME: 206
COST OF LIVING INDEX: 96.2
RANK BY COST OF LIVING: 49

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,947,910 sq.ft.
Class A/OutCBD: 8,113,381 sq.ft.
Class B/CBD: 3,438,204 sq.ft.
Class B/OutCBD: 2,618,521 sq.ft.

VACANT INVENTORY
Class A/CBD: 340,400 sq.ft.
Class A/OutCBD: 1,530,331 sq.ft.
Class B/CBD: 1,172,713 sq.ft.
Class B/OutCBD: 603,896 sq.ft.

VACANCY RATES
Class A/CBD: 17.4%
Class A/OutCBD: 18.9%
Class B/CBD: 34.1%
Class B/OutCBD: 23.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: (9,000) sq.ft.
Class B/OutCBD: 40,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: varies

LEASING ACTIVITY PROFILE
Major Activity: None
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 1,775,800
RANK BY POPULATION: 25
POPULATION GROWTH RATE: 1.21%
UNEMPLOYMENT RATE: 5.7%
MEDIAN HOUSEHOLD INCOME: $24,492
RANK BY INCOME: 199
COST OF LIVING INDEX: 112.4
RANK BY COST OF LIVING: 14

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 7,500,000 sq.ft.
Class A/OutCBD: 5,200,000 sq.ft.
Class B/CBD: 3,500,000 sq.ft.
Class B/OutCBD: 13,800,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,500,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 1,300,000 sq.ft.
Class B/OutCBD: 3,600,000 sq.ft.

VACANCY RATES
Class A/CBD: 20.0%
Class A/OutCBD: 19.2%
Class B/CBD: 37.1%
Class B/OutCBD: 26.1%

SUBLEASE INVENTORY
Class A: 350,000 sq.ft.
Class B: 800,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 850,000 sq.ft.
Class A/OutCBD: 350,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

STANDARD WORK LETTER
Typically based on the quantity of materials. Approximate dollar value: $16 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Sales
Finance/Banking
Energy
Minor Activity: Insurance
Government

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Up 1-5%
VACANCIES: Up 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

MIAMI: OFFICE

Market Area: Miami Metropolitan Area

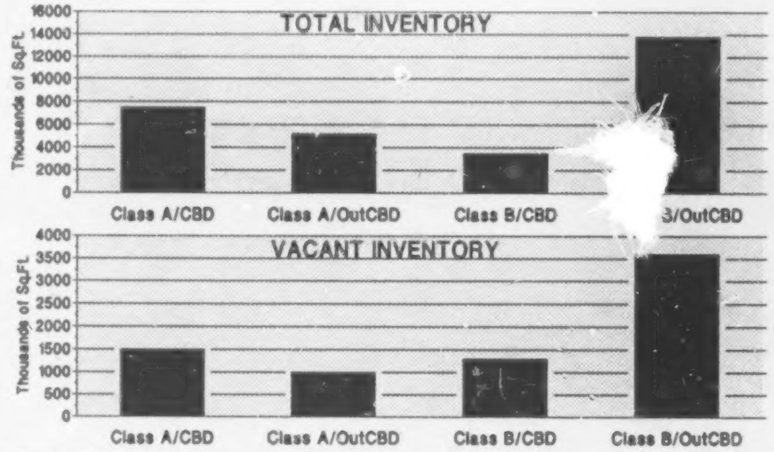
1988 REVIEW

Although Miami is the largest city in Florida, others experienced more rapid rates of growth. While the economy remained steady in 1988 and was healthy in general, the office building market was considered only medium strong. Demand for office space was steady but absorption did not bring the vacancy rate down to comfortable levels.

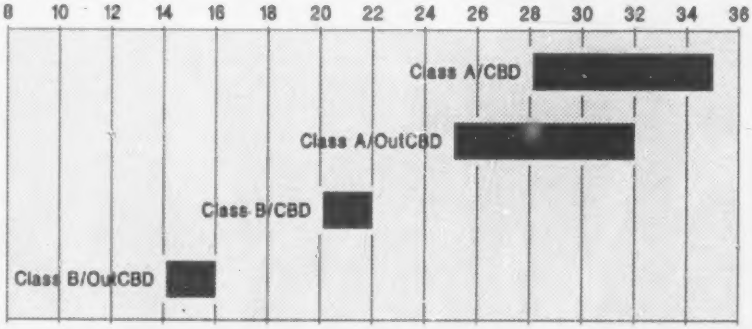
1989 FORECAST

Speculative development in Miami will be minimal in 1989. Two projects committed in 1988 will be carried through to completion. A modest amount of relocation from outside Miami remains a possibility. Although international firms from Central America will be relocating to Miami in the near future, further growth will be dependent upon local and regional expansion and a more global international outlook. Commercial construction peaked in 1980 and fell precipitously between 1984 and 1987. Construction at these lower levels is expected to continue through 1990 when the vacancy rate is expected to fall.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

MILWAUKEE: OFFICE

Market Area: Milwaukee Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,383,300
RANK BY POPULATION: 31
POPULATION GROWTH RATE: 0.53%
UNEMPLOYMENT RATE: 3.4%
MEDIAN HOUSEHOLD INCOME: $29,395
RANK BY INCOME: 48
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 5,500,000 sq.ft.
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: 4,000,000 sq.ft.
Class B/OutCBD: 2,500,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 900,000 sq.ft.
Class A/OutCBD: 750,000 sq.ft.
Class B/CBD: 750,000 sq.ft.
Class B/OutCBD: 125,000 sq.ft.

VACANCY RATES
Class A/CBD: 16.4%
Class A/OutCBD: 18.8%
Class B/CBD: 18.8%
Class B/OutCBD: 5.0%

SUBLEASE INVENTORY
Class A: 50,000 sq.ft.
Class B: 25,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 325,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 75,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-$20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 500 sq.ft.

AVERAGE UTILITY RATES
CBD: $0.90 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Stop

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Minor Activity: Finance/Banking
Government
Insurance
Sales
Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

1988 REVIEW

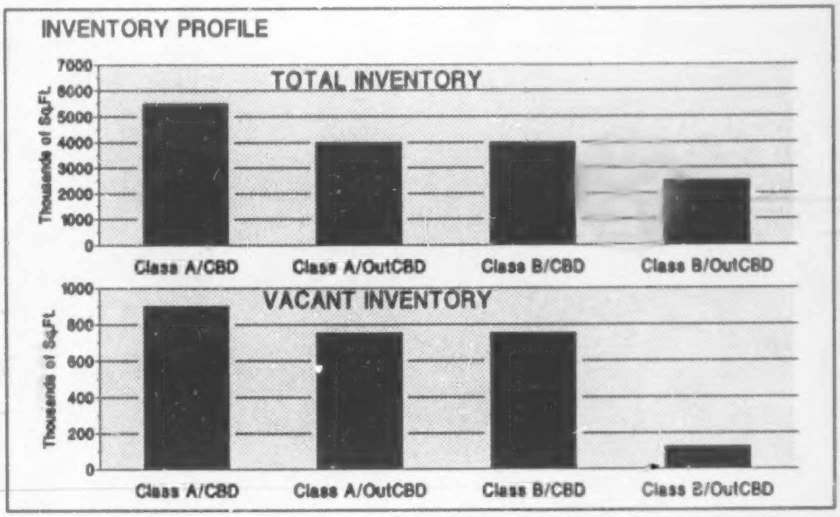
The Milwaukee central city experienced a healthy economy in 1988. The suburban economy was softer than in 1987. In the central city, office leases far outnumbered sales. Most leases were in the 2,000 square foot category.

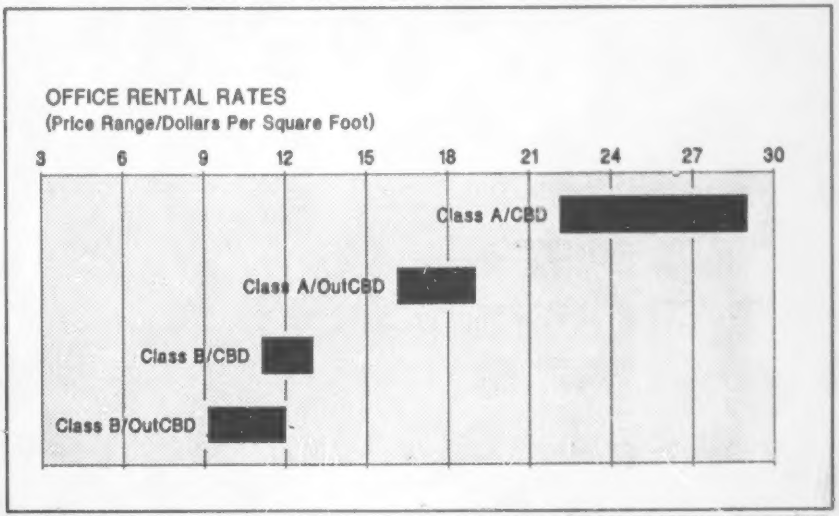
The office market activity consisted primarily of existing relocations or expansions.

1989 FORECAST

The Milwaukee economy should continue strong in 1989. Out-of-state developers and investors should continue to increase business in Milwaukee.

In general, absorption, construction and vacancy levels should remain at 1988 levels in 1989. Rental rates are expected to increase one to five percent and landlord concessions are expected to decrease one to five percent.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 11-20%

DEMOGRAPHICS

POPULATION: 2,316,800
RANK BY POPULATION: 13
POPULATION GROWTH RATE: 0.60%
UNEMPLOYMENT RATE: 3.8%
MEDIAN HOUSEHOLD INCOME: $32,444
RANK BY INCOME: 20
COST OF LIVING INDEX: 104.6
RANK BY COST OF LIVING: 24

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 9,689,824 sq.ft.
Class A/OutCBD: 5,165,249 sq.ft.
Class B/CBD: 6,637,621 sq.ft.
Class B/OutCBD: 16,927,948 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,348,946 sq.ft.
Class A/OutCBD: 1,503,736 sq.ft.
Class B/CBD: 875,892 sq.ft.
Class B/OutCBD: 3,615,684 sq.ft.

VACANCY RATES
Class A/CBD: 13.9%
Class A/OutCBD: 29.1%
Class B/CBD: 13.2%
Class B/OutCBD: 21.4%

SUBLEASE INVENTORY
Class A: 175,000 sq.ft.
Class B: 100,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 1,711,202 sq.ft. (Mpls.)
Class A/OutCBD: 1,232,000 sq.ft.
Class B/CBD: 45,000 sq.ft. (Mpls.)
Class B/OutCBD: 209,000 sq.ft.

NET ABSORPTION
Class A/CBD: 726,040 sq.ft.
Class A/OutCBD: 948,586 sq.ft.
Class B/CBD: 38,820 sq.ft. (Mpls.)
(6,663) sq.ft. (St.P.)
Class B/OutCBD: (160,939) sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.10 per sq.ft.
OutCBD: $1.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Full pass through

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Finance/Banking
Minor Activity: Insurance
Sales
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: n/a

MINNEAPOLIS/ST. PAUL: OFFICE

Market Area: Minneapolis/St. Paul Metropolitan Area

1988 REVIEW

The Minneapolis area economy remained strong and diversified in 1988 with unemployment remaining below the national average. Growth in the Twin City market was primarily expansion of existing firms. The most active included law firms, banking and miscellaneous service firms.

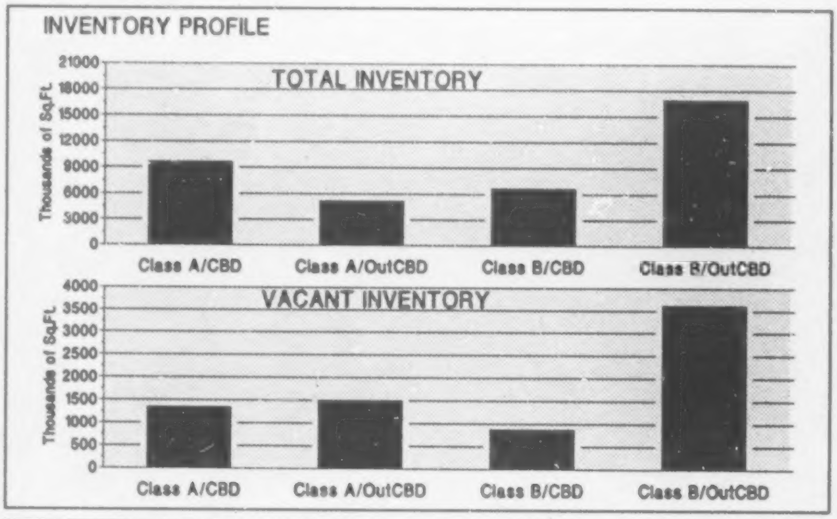
The Twin City Metro office market had over seven million square feet available in 1988. Based on year-end absorption, that represented a 4.4 year supply of space.

1989 FORECAST

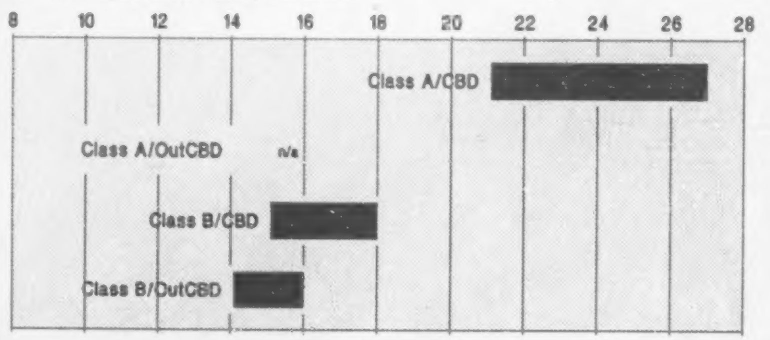
The construction boom of 1987-1988 will continue in 1989. This three year expansion will provide a 10 percent increase in base supply.

Absorption and rental rates should increase one to five percent in 1989. Construction is expected to increase six to 10 percent while vacancies are expected to decline by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 481,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 1.10%
UNEMPLOYMENT RATE: 9.5%
MEDIAN HOUSEHOLD INCOME: $22,007
RANK BY INCOME: 275
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 750,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 1,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 65,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 180,000 sq.ft.

VACANCY RATES
Class A/CBD: 8.7%
Class A/OutCBD: 15.0%
Class B/CBD: 33.3%
Class B/OutCBD: 18.0%

SUBLEASE INVENTORY
Class A: 75,000 sq.ft.
Class B: 100,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 25,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 30,000 sq.ft.
Class A/OutCBD: 25,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 10,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-$17 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.35 per sq.ft.
OutCBD: $1.35 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Finance/Banking Government
Minor Activity:	Legal/Accounting Insurance Business Services Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

MOBILE: OFFICE

Market Area: Mobile and Mobile County

1988 REVIEW

The Mobile area had approximately 3.4 million square feet of office space in 1988. Almost one-half of the space was Class B. Vacancy rates varied by class and location, the highest being 33.3 percent for Class B in the central city.

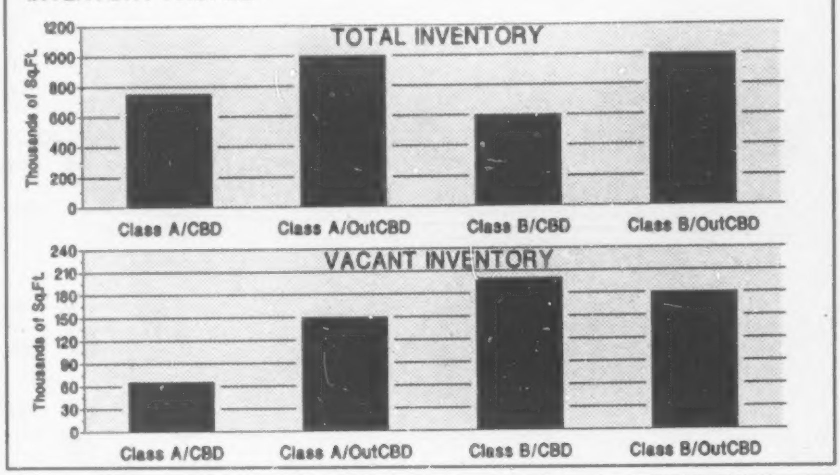
The local economy was steady in 1988. Demand for office space improved in the downtown area due to expansions by the Corps of Engineers and the Federal Government.

1989 FORECAST

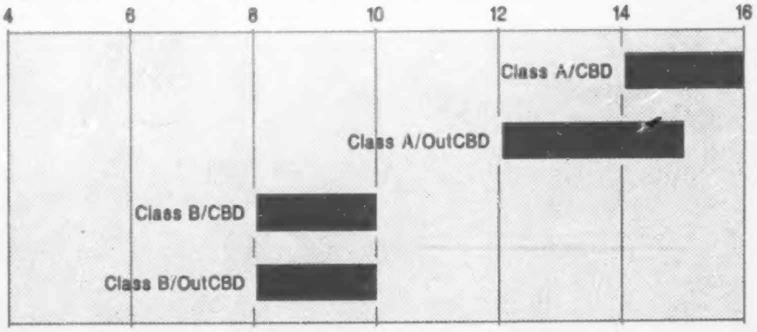
The Mobile local economy may improve in 1989. Very little speculative development is planned.

Overall, both absorption and landlord concessions should increase six to 10 percent. Construction, rental rates and vacancies are expected to increase one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.2%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 145,000 sq.ft.
Class A/OutCBD: 807,650 sq.ft.
Class B/CBD: 110,835 sq.ft.
Class B/OutCBD: 396,045 sq.ft.

VACANT INVENTORY

Class A/CBD: 36,900 sq.ft.
Class A/OutCBD: 163,730 sq.ft.
Class B/CBD: 30,835 sq.ft.
Class B/OutCBD: 61,597 sq.ft.

VACANCY RATES

Class A/CBD: 25.4%
Class A/OutCBD: 20.3%
Class B/CBD: 27.8%
Class B/OutCBD: 15.6%

SUBLEASE INVENTORY

Class A: 15,000 sq.ft.
Class B: 8,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 36,000 sq.ft.
Class A/OutCBD: 68,400 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 3,600 sq.ft.
Class A/OutCBD: 8,000 sq.ft.
Class B/CBD: 1,000 sq.ft.
Class B/OutCBD: 6,000 sq.ft.

STANDARD WORK LETTER

Typically based on the quantity of materials. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq. ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Finance/Banking
Minor Activity:	Insurance Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

NASHUA: OFFICE

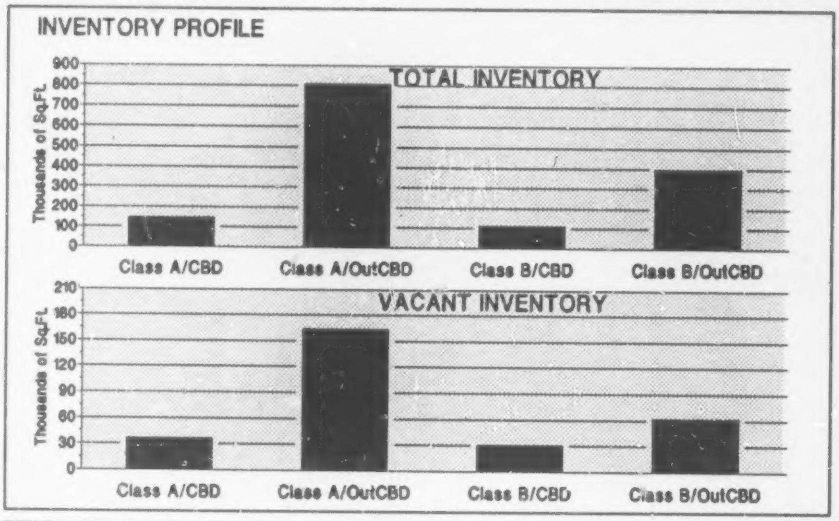
Market Area: Nashua

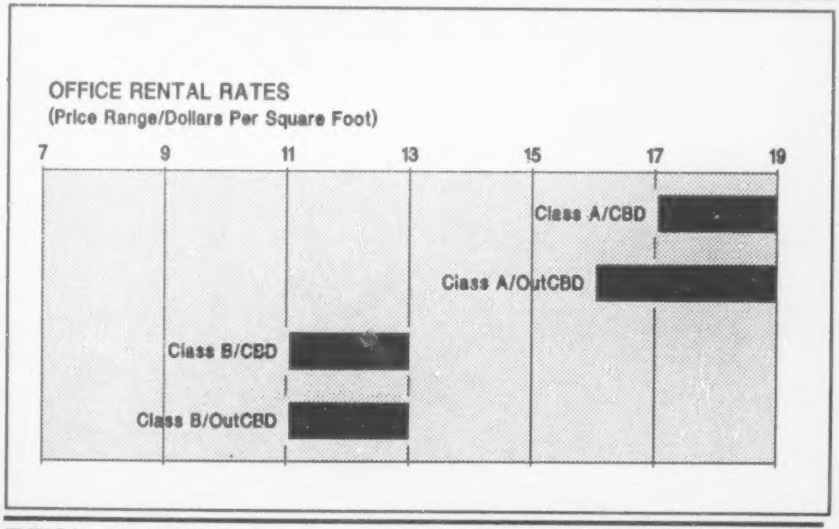
1988 REVIEW

Leasing activity in 1988 was active in certain sections of the market. The average amount of square feet leased per tenant was 4,000 square feet. The total square feet leased almost equaled the space vacated by large space users. Therefore, very little net absorption occurred. The Nashua economy continued to be strong.

1989 FORECAST

Bankers and developers will continue to view the strong economy with a cautious optimism. The market will continue to expand, but any substantial increase in office space will probably occur in the second half of 1989. Growth in Nashua depends in part on fiscal and legislative measures adopted in Massachusetts. If the Massachusetts state legislature passes bills that are adverse to their business community, it is likely Nashua will see an influx of new tenants. Several new projects planned for 1989 will be substantially larger buildings, offer more amenities, and be priced considerably higher than existing projects. If all of the space comes on the market at the same time, it is unlikely that all of the space will be absorbed without an influx of tenants from Massachusetts.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 943,700
RANK BY POPULATION: 53
POPULATION GROWTH RATE: 0.37%
UNEMPLOYMENT RATE: 4.1%
MEDIAN HOUSEHOLD INCOME: $27,079
RANK BY INCOME: 118
COST OF LIVING INDEX: 102.3
RANK BY COST OF LIVING: 34

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,589,618 sq.ft.
Class A/OutCBD: 5,133,062 sq.ft.
Class B/CBD: 2,182,177 sq.ft.
Class B/OutCBD: 5,691,326 sq.ft.

VACANT INVENTORY
Class A/CBD: 525,321 sq.ft.
Class A/OutCBD: 1,246,646 sq.ft.
Class B/CBD: 521,617 sq.ft.
Class B/OutCBD: 1,073,319 sq.ft.

VACANCY RATES
Class A/CBD: 20.3%
Class A/OutCBD: 24.3%
Class B/CBD: 23.9%
Class B/OutCBD: 18.9%

SUBLEASE INVENTORY
Class A: 75,000 sq.ft.
Class B: 80,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 463,000 sq.ft.
Class A/OutCBD: 537,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 129,000 sq.ft.
Class A/OutCBD: 1,400,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.45 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government
Minor Activity: Engineering/Architecture

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Down 11-15%
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 6-10%

NASHVILLE: OFFICE

Market Area: Nashville Metropolitan Area

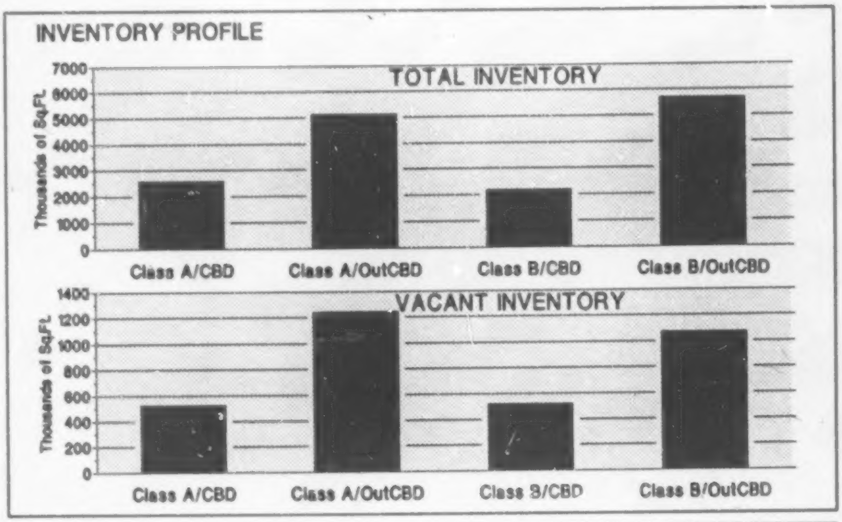
1988 REVIEW

Nashville returned to a more moderate growth rate similar to that experienced prior to 1982. The demand for new space was steady and consistent as compared to the rapid and record absorption levels of 1985 and 1986. All of the following business categories were "up" in 1987: service industry, finance, real estate, trade, and transportation. In 1988, all sectors, except transportation, experienced a decrease from the previous high established in 1987.

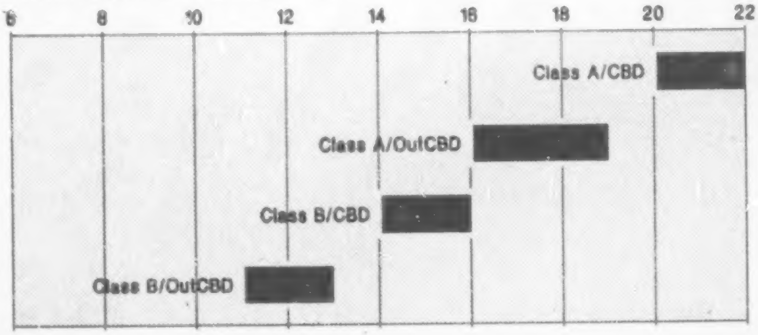
1989 FORECAST

Absorption will continue to come from internal city growth, with some notable exceptions. Unless some economic uncertainty prevails or some other national crisis interferes, a new airline hub, a new large manufacturing plant, a national headquarters, and a large national accounting firm are expected to add to the growth of Nashville in 1989. The decrease in new construction should reach 11 to 15 percent. This should bring a reduction in vacancies of six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements
Stepped Rate

RENTAL RATE DISCOUNT FACTOR: 16-20%

NEW HAVEN: OFFICE

Market Area: New Haven Metropolitan Area

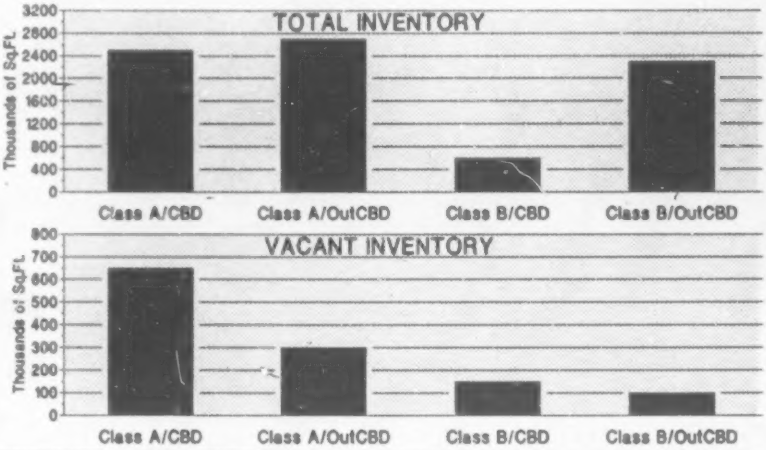
1988 REVIEW

Office building development in the New Haven market saw the relocation of firms within the same area. Most activity was generated by the expansion of existing companies, with limited participation by out of state companies. Strong retail development accompanied the office building activity. New Haven experienced extensive recycling of older buildings, moderate office condominium development, and light industrial and high tech activity.

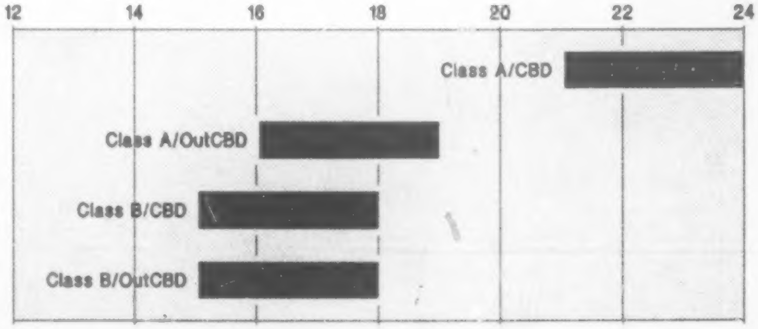
1989 FORECAST

Over one million square feet of office space will be ready for occupancy during 1989, the result of buildings started in 1988. A healthy economic environment, low unemployment, and growth in service industries and biomedical and computer companies are expected in 1989. Specifically, the outlook for the office market indicates that absorption will increase one to five percent. Construction is expected to increase at a faster pace. The combination of these two factors could lead to an 11 to 15 percent increase in vacancy rates for the New Haven market.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 783,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.30%
UNEMPLOYMENT RATE: 3.2%
MEDIAN HOUSEHOLD INCOME: $30,219
RANK BY INCOME: 38
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,500,000 sq.ft.
Class A/OutCBD: 2,700,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 2,300,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 650,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

VACANCY RATES
Class A/CBD: 26.0%
Class A/OutCBD: 11.1%
Class B/CBD: 25.0%
Class B/OutCBD: 4.4%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 900,000 sq.ft.
Class A/OutCBD: 450,000 sq.ft.
Class B/CBD: 250,000 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 250,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 750,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00-2.50 per sq.ft.
OutCBD: $2.00-2.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Finance/Banking
Minor Activity:	Insurance Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 11-15%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 11-15%

DEMOGRAPHICS

POPULATION: 3,511,376
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: $35,115
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 74,408,700 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 14,741,880
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 19.8%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 1,107,100 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 8,109,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 4,741,990 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.20 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Finance/Banking
Minor Activity:	Insurance Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

NEW JERSEY-CENTRAL: OFFICE

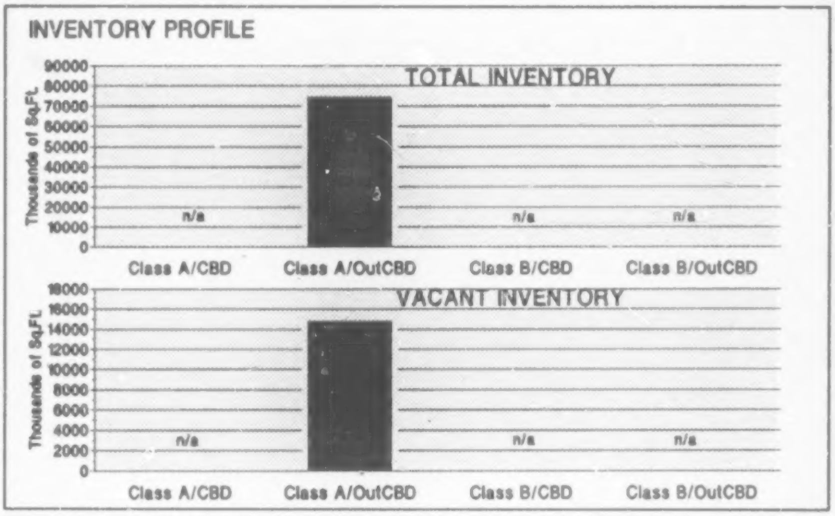
Market Area: Mercer, Middlesex, Monmouth, Morris, Somerset, Union, West Essex, and Counties

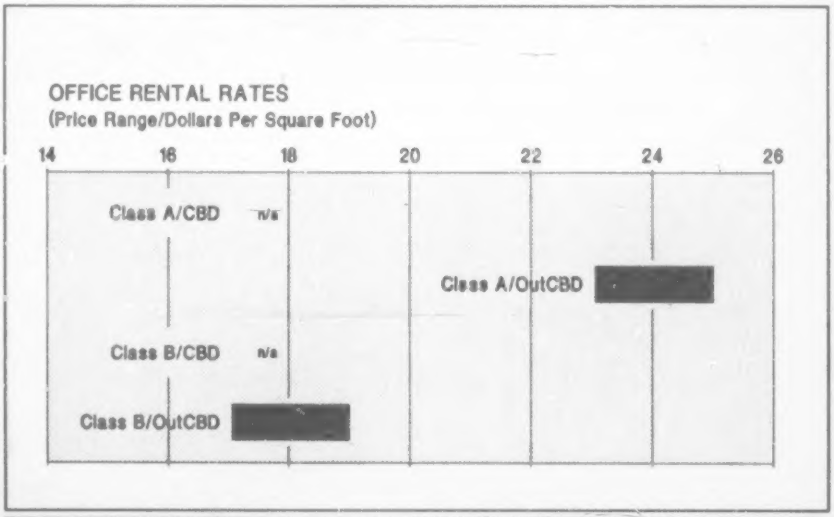
1988 REVIEW

Demand for office space remained good during 1988 and prices began to stabilize. Shortages of space appeared in the Parkway Corridor. Some softness appeared in certain local markets. The overall economy remained strong, with low unemployment. Drug, healthcare, biotech, and research facilities all experienced strong activity. Many companies moved to mixed-use facilities. A greater proportion of the activity occurred from releasing vacated inventory.

1989 FORECAST

New office space will continue to improve in quality and move toward a higher class status, as buildings become larger and include more amenities. Computer-related users might continue to consolidate; however this should not be a significant problem during 1989. New construction will be moderate in Middlesex and Mercer Counties. A significant amount of construction will occur in Somerset and Morris Counties.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
- Class A/CBD: n/a
- Class A/OutCBD: 15,000,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 36,000,000 sq.ft.

VACANT INVENTORY
- Class A/CBD: n/a
- Class A/OutCBD: 5,000,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 2,000,000 sq.ft.

VACANCY RATES
- Class A/CBD: n/a
- Class A/OutCBD: 33.3%
- Class B/CBD: n/a
- Class B/OutCBD: 5.6%

SUBLEASE INVENTORY
- Class A: 350,000 sq.ft.
- Class B: 750,000 sq.ft.

CURRENT CONSTRUCTION
- Class A/CBD: n/a
- Class A/OutCBD: 4,500,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 500,000 sq.ft.

NET ABSORPTION
- Class A/CBD: n/a
- Class A/OutCBD: 3,700,000 sq.ft.
- Class B/CBD: n/a
- Class B/OutCBD: 400,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $2.35 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Business Services
Finance/Banking
Minor Activity: Legal/Accounting
Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

NEW JERSEY-NORTHERN: OFFICE

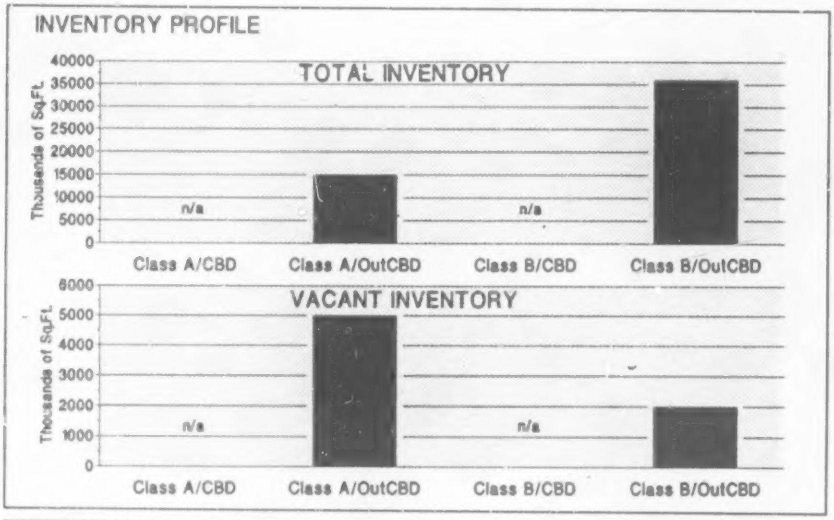
Market Area: Bergen, Essex, Hudson, and Passaic Counties

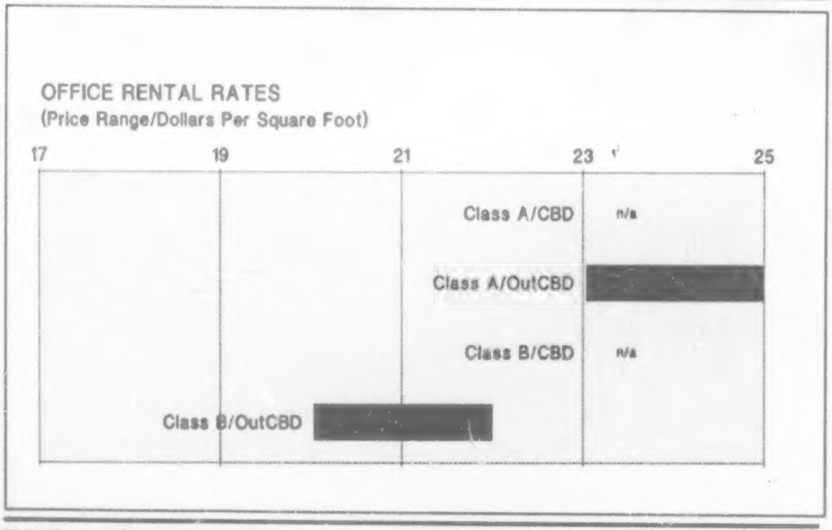
1988 REVIEW

Northern New Jersey's office market is largely a substitute for more costly Manhattan space. In 1988 office leasing was steady, with approximately 4.1 million square feet of space absorbed and 5.0 million square feet constructed. This added somewhat to the vacant inventory, which was 33.3 percent for Class A space. Class B space had a much lower vacancy rate of 5.6.

1989 FORECAST

The SIOR respondent foresees increasing absorption and construction activity in 1989. Even though the increase in absorption is expected to be more in percentage terms, there will be another net addition of vacant space, pushing vacancy rates even higher. Nominal rents are expected to increase six to 10 percent, but will be partially offset by increases and landlord concessions which already average 16 to 20 percent.





TYPICAL CONCESSIONS:
- Rental Abatement
- Lease Assumptions
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 4,350,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 250,000 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 18.4%
Class B/CBD: n/a
Class B/OutCBD: 25.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 350,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: 310,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: (50,000) sq.ft.

STANDARD WORK LETTER
Typically based on quantity of materials. Approximate dollar value: $15-$20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 4 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $2.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Stop

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Engineering/Architecture
Minor Activity:	Sales Finance/Banking

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

NEW JERSEY-SOUTHERN: OFFICE

Market Area: Burlington, Camden, and Gloucester Counties

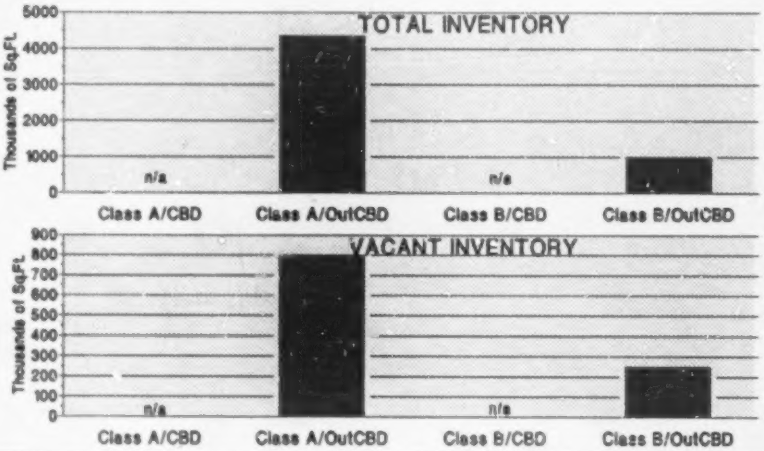
1988 REVIEW

Office building owners in this part of southern New Jersey experienced a year with steady demand for space. At least one half of the space was leased to local business firms who were expanding due to the strong economy in the area. In addition, some firms relocated to the area from North New Jersey and New York, which further bolstered the local economy. The growth in condominium-forms of ownership of office space was strong in the market. (Buyers of condominium office space are professionals looking for space for their own use.)

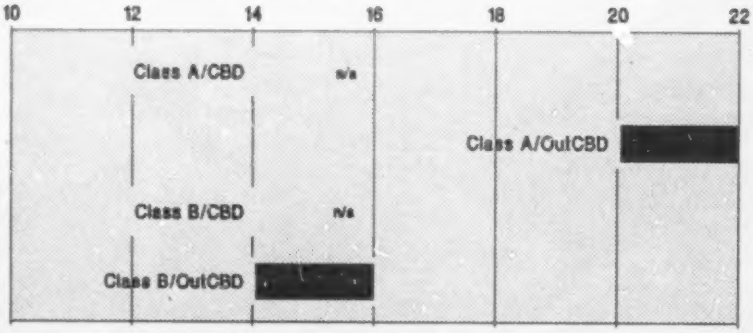
1989 FORECAST

It is estimated that 1.5 million square feet of speculative office space is planned for 1989. This represents an increase of six to 10 percent. Although the outlook is for a slight decrease in the absorption rate, it is anticipated that vacancies will rise only one to five percent during 1989. Currently, the cumulative effect of concessions on gross rental rates ranges from six to 10 percent. In order to keep up with the market, look for concessions to increase six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

NEW ORLEANS: OFFICE

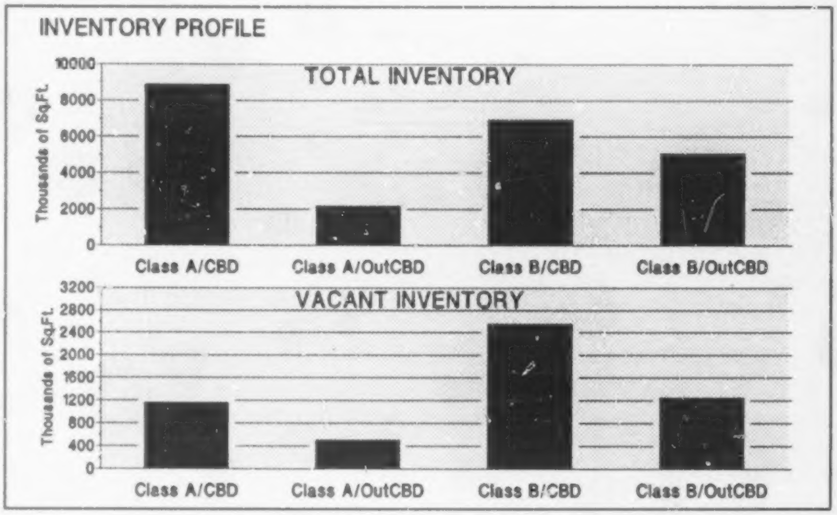
Market Area: New Orleans, Metairie, Kennar, Westbank, and New Orleans East

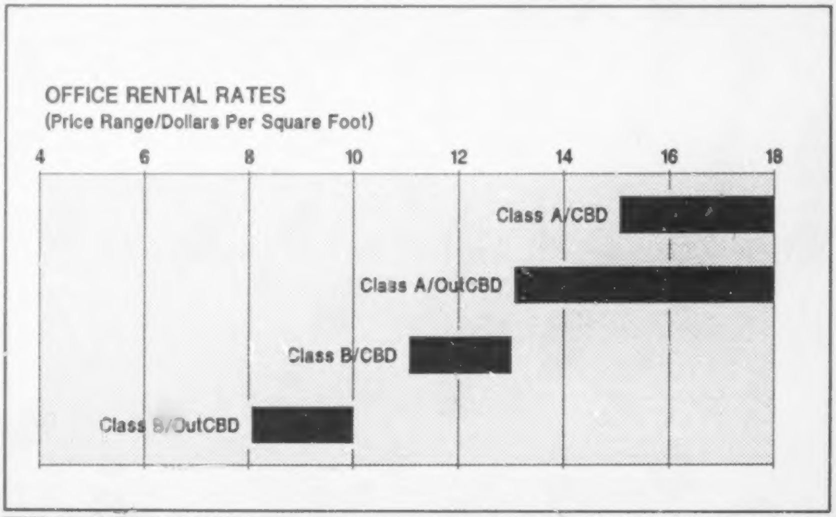
1988 REVIEW

New Orleans faced a vacancy rate of almost 24 percent at the end of 1988. The office building market has been soft over the past few years as a result of the slump in oil prices. After considering the negative absorption in Class B space in the CBD, the net space absorbed in 1988 equaled five percent of the space remaining on the market not counting the 500,000 square feet that was under construction. Market conditions dictated concessions that totalled as much as 20 percent of the gross rental rate.

1989 FORECAST

The local economy appears to have bottomed-out, but the influence of the oil and gas industries could bring further setbacks. Future consolidations, mergers and acquisitions could also continue the soft rental market in 1989. The outlook for the area is for construction and absorption to continue at the same rate during the year. Rental and vacancy rates are both expected to decline one to five percent during 1989.





TYPICAL CONCESSIONS:
- Parking
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,333,700
RANK BY POPULATION: 33
POPULATION GROWTH RATE: 0.16%
UNEMPLOYMENT RATE: 8.7%
MEDIAN HOUSEHOLD INCOME: $24,489
RANK BY INCOME: 200
COST OF LIVING INDEX: 97.5
RANK BY COST OF LIVING: 53

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 8,872,533 sq.ft.
Class A/OutCBD: 2,176,345 sq.ft.
Class B/CBD: 6,936,265 sq.ft.
Class B/OutCBD: 5,076,045 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,162,315 sq.ft.
Class A/OutCBD: 506,217 sq.ft.
Class B/CBD: 2,556,772 sq.ft.
Class B/OutCBD: 1,250,086 sq.ft.

VACANCY RATES
Class A/CBD: 13.1%
Class A/OutCBD: 23.3%
Class B/CBD: 37.0%
Class B/OutCBD: 24.6%

SUBLEASE INVENTORY
Class A: 175,999 sq.ft.
Class B: 79,063 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 500,000 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 174,154 sq.ft.
Class A/OutCBD: 77,108 sq.ft.
Class B/CBD: (81,796) sq.ft.
Class B/OutCBD: 115,815 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $25 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.35 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$4.80-$5.25 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Energy
Minor Activity: Legal/Accounting
Business Services
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION
Bergen-Passaic, NJ: 1,301,000
Middlesex-Somerest-Hunterdon, NJ: 968,000
Nassau-Suffolk, NY: 2,661,000
New York, NY: 8,471,000
Newark, NJ: 1,894,000

POPULATION GROWTH RATE
Bergen-Passaic, NJ: 0.1%
Middlesex-Somerest-Hunterdon, NJ: 1.0%
Nassau-Suffolk, NY: 0.3%
New York, NY: 0.2%
Newark, NJ: 0.1%

EMPLOYMENT GROWTH RATE
Bergen-Passaic, NJ: 1.4%
Middlesex-Somerest-Hunterdon, NJ: 2.7%
Nassau-Suffolk, NY: 1.2%
New York, NY: 0.6%
Newark, NJ: 0.6%

UNEMPLOYMENT RATE
Bergen-Passaic, NJ: 3.4%
Middlesex-Somerest-Hunterdon, NJ: 2.6%
Nassau-Suffolk, NY: 3.5%
New York, NY: 4.5%
Newark, NJ: 3.9%

PER CAPITA INCOME
Bergen-Passaic, NJ: $14,851
Middlesex-Somerest-Hunterdon, NJ: $14,979
Nassau-Suffolk, NY: $14,418
New York, NY: $11,969
Newark, NJ: $13,517

NEW YORK METROPOLITAN AREA

New York Office Markets

The New York-Northern New Jersey-Long Island consolidated metropolitan statistical area has a population of approximately 18 million people. Over eight million people live in New York City. Every major industry maintains a presence in the New York metropolitan area; however, no other city in the country has such a high concentration of banking and financial services.

The limited supply and high cost of land have caused development to move further away from the city, to more suburban areas in Northern New Jersey, New York state and Connecticut. Manufacturing employment declined at an average annual rate of 2.2 percent between 1975 and 1985, as numerous firms relocated to lower cost areas. Economic growth in the non-manufacturing sector during this same period, contributed to the area's transition from a manufacturing-based to service-based economy.

SIOR respondents divided the New York Metropolitan area into five separate industrial markets to more accurately reflect the diversity of market characteristics. On the following pages are reports from five market areas in and around the New York Metropolitan Area. They are:

New Jersey-Northern,

New York City,

New York City-Brooklyn/Queens,

New York-Nassau/Suffolk Counties,

and New York-White Plains and Westchester County.

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 235,031,600 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 94,683,450 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 30,490,257 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 13,918,401 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 13%
Class A/OutCBD: n/a
Class B/CBD: 14.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 8,528,057 sq.ft.
Class B: 2,479,197 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 14,113,277 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20-$50 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $2.00-$3.00 per sq.ft.
OutCBD: n/a

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Finance/Banking
Engineering/Architecture
Government
Printing & Publishing
Advertising
Minor Activity: Business Services

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Down 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

NEW YORK CITY: OFFICE

Market Area: Manhattan

1988 REVIEW

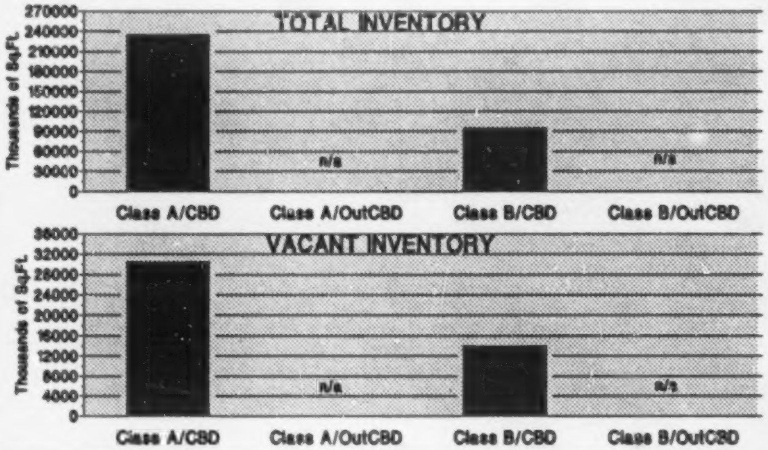
Overall leasing activity was 10 percent less than year-end 1987. Major relocations such as J.C. Penney dumped a significant amount of space on the market during the first quarter of 1988. By the end of the fourth quarter, however, leasing activity in the vacated Class B space had picked up, and the vacancy was beginning to decrease.

The vacancy rate attributed to Class A space increased from 10.6 percent in 1987 to 13.0 percent in 1988. The Class B vacancy rate increased from 12.7 percent in 1987 to 14.7 percent in 1988. Lease rates remained relatively the same from 1987 to 1988. Lease concessions reduced lease rates by zero to five percent.

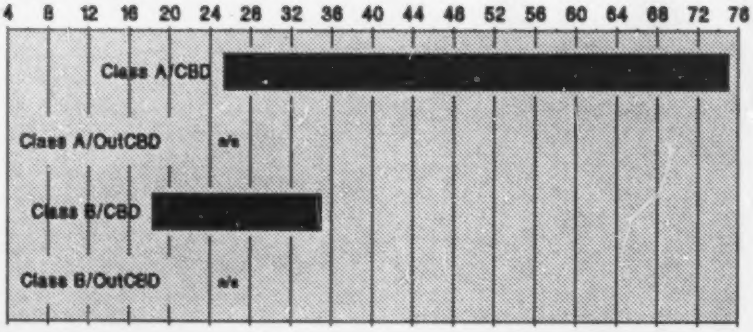
1989 FORECAST

Approximately 10 million square feet of pre-leased space is expected to be completed in 1989. SIOR respondents expect a relatively small amount of speculative development to break ground during this year.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 16,500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 3,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 18.2%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 150,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20-$25 per sq.ft.

TYPICAL PARKING RATIO
CBD: Most bldg. served by public transportation
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $2.50 per sq.ft.
50% of space for lease is/is not typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Business Services
Finance/Banking
Government
Minor Activity: Legal/Accounting
Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 11-15%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 11-15%

NEW YORK-BROOKLYN/QUEENS: OFFICE

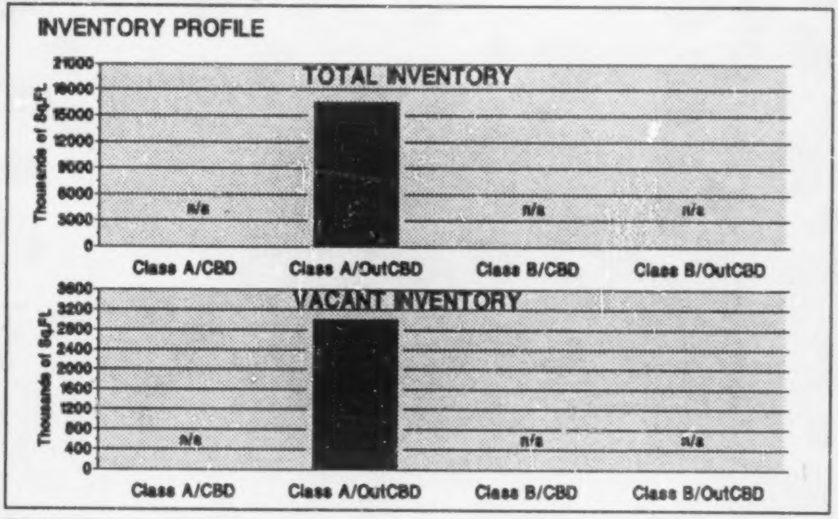
Market Area: Brooklyn and Queens

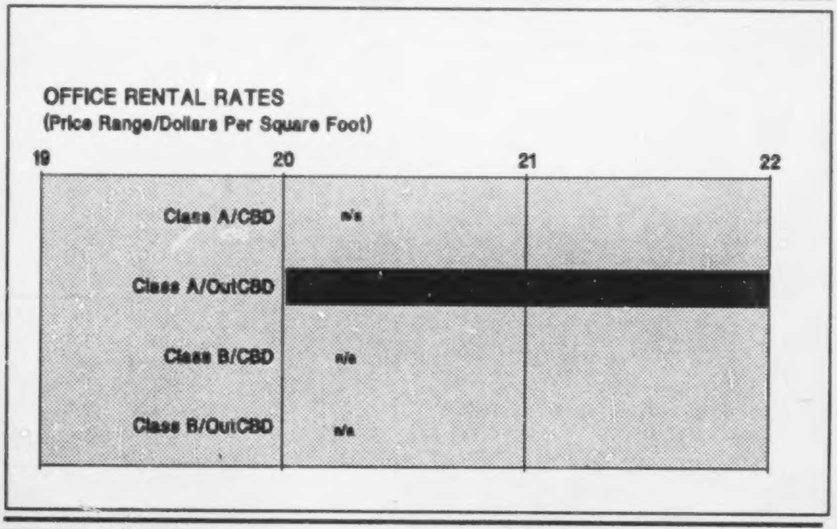
1988 REVIEW

After a lull in the beginning of the year, the office leasing market finished 1988 on a positive note. On a scale of one to 10, the economy in the Brooklyn/Queens area ranked about "seven" at that time. Two banks provided the impetus for two new large office buildings. Construction was underway for a 52-story building for Citibank and a 1.5 million square foot building for Chase Manhattan. In addition to the new construction, some industrial space was converted to office use. Zoning changes enabled the development of additional office buildings.

1989 FORECAST

Several large projects are slated for both Brooklyn and Queens in 1989 which will create an increase of 11 to 15 percent in new construction. As the result of the small rate of absorption (one to five percent) vacancies and landlord concessions will rise considerably. Rental rates are expected to rise six to 10 percent during 1989, according to SIOR respondents.





TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 11-15%

NEW YORK-NASSAU/SUFFOLK COUNTIES: OFFICE

Market Area: New York City Suburbs-Nassau and Suffolk Counties, and Long Island

1988 REVIEW

The Nassau/Suffolk area economy remained strong in 1988. Suburban office vacancy rates held very low at approximately 11 percent, that year.

The majority of office expansion came from insurance and banking industries. Office condos remained an insignificant part of the market.

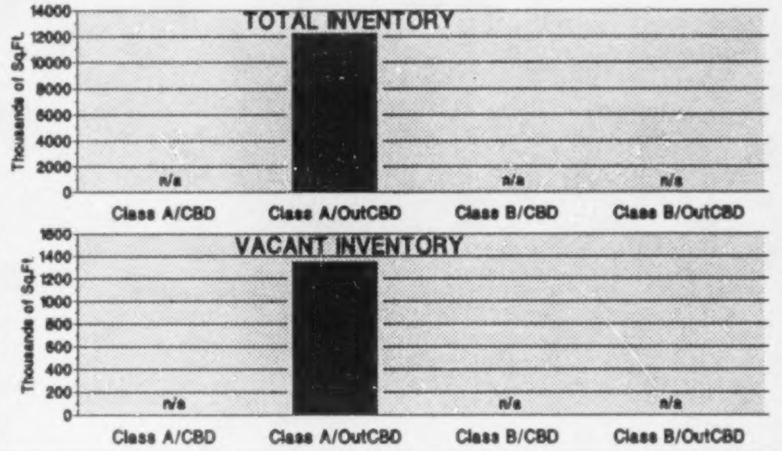
1989 FORECAST

The regions' healthy economy should remain strong in 1989. With anticipated, relatively strong demand, Nassau/Suffolk Counties are expected to maintain a reputation as one of the top suburban office markets.

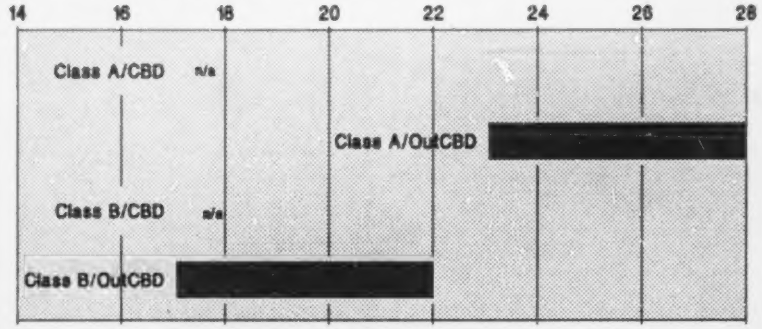
Speculative office development should level off in 1989. Relatively few projects are planned to commence construction, which is expected to be down six to 10 percent.

Absorption should decrease slightly, by one to five percent, while rental rates will probably maintain 1988 levels. Both vacancies and landlord concessions may increase by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 12,250,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 1,350,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 11.0%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $2.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Finance/Banking
Minor Activity: Business Services
Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Down 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

NEW YORK-WHITE PLAINS AND WESTCHESTER COUNTY: OFFICE

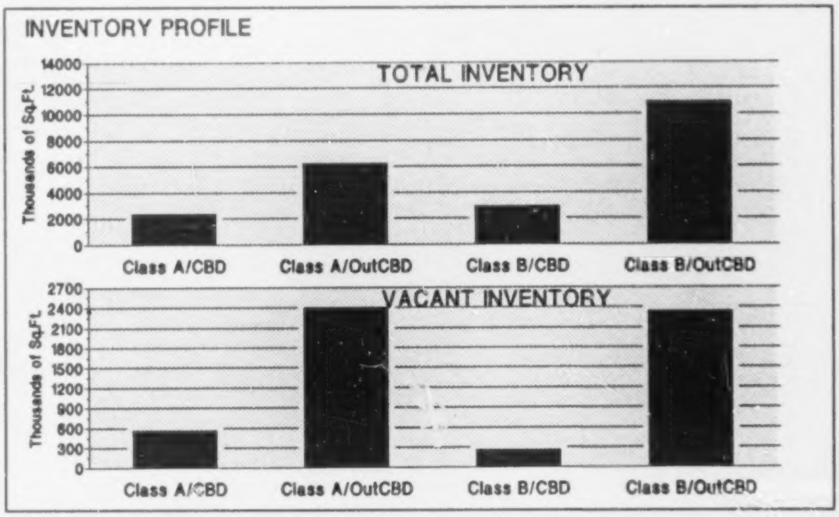
Market Area: New York City Suburbs-White Plains and Westchester County

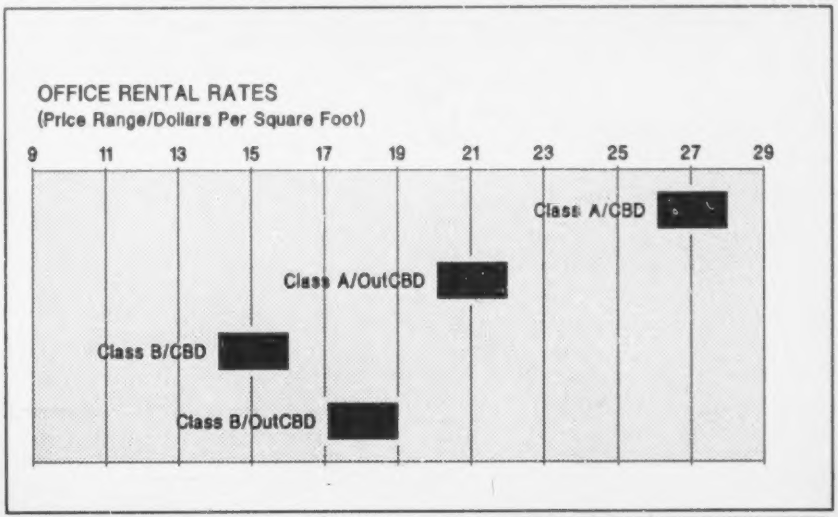
1988 REVIEW

Driven by the demand for space by small users, office building leasing was better than expected during 1988. Missing were the transactions involving users seeking blocks of space exceeding 50,000 square feet (which was the norm). The move-up activity created by existing tenants was strong, with limited movement into the area by tenants from New York City.

1989 FORECAST

The local economy is basically vigorous with steady retail sales and low unemployment. It is also tempered by dropping home prices. However, very little new office building construction is expected during 1989. Land costs, coupled with stagnant rental rates and high interest rates are currently holding development in check. The outlook is for a moderate amount of new construction which will be paralleled by similar increases in absorption. Thus, vacancies are also expected to rise.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,371,000 sq.ft.
Class A/OutCBD: 6,210,100 sq.ft.
Class B/CBD: 2,915,000 sq.ft.
Class B/OutCBD: 10,922,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 565,000 sq.ft.
Class A/OutCBD: 2,401,000 sq.ft.
Class B/CBD: 260,000 sq.ft.
Class B/OutCBD: 2,338,000 sq.ft.

VACANCY RATES

Class A/CBD: 23.8%
Class A/OutCBD: 38.7%
Class B/CBD: 9.0%
Class B/OutCBD: 21.4%

SUBLEASE INVENTORY

Class A: 607,000 sq.ft.
Class B: 342,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 220,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: 120,000 sq.ft.

NET ABSORPTION

Class A/CBD: 19,000 sq.ft.
Class A/OutCBD: 117,000 sq.ft.
Class B/CBD: 11,150 sq.ft.
Class B/OutCBD: 161,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15-$20 per sq.ft.

TYPICAL PARKING RATIO

CBD: 2 per 1000 sq.ft.
OutCBD: 3 1/2 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.25 per sq.ft.
OutCBD: $2.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity: Business Services
Sales
Minor Activity: Finance/Banking
Legal/Accounting
Insurance
Government
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

DEMOGRAPHICS

POPULATION: 1,332,700
RANK BY POPULATION: 34
POPULATION GROWTH RATE: 1.43%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $28,332
RANK BY INCOME: 66
COST OF LIVING INDEX: 104
RANK BY COST OF LIVING: 29

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,200,000 sq.ft.
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: 3,000,000 sq.ft.
Class B/OutCBD: 8,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 700,000 sq.ft.
Class A/OutCBD: 550,000 sq.ft.
Class B/CBD: 350,000 sq.ft.
Class B/OutCBD: 400,000 sq.ft.

VACANCY RATES
Class A/CBD: 31.8%
Class A/OutCBD: 13.8%
Class B/CBD: 11.7%
Class B/OutCBD: 5.0%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

NET ABSORPTION
Class A/CBD: 50,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50-2.00 per sq.ft.
OutCBD: $1.00-1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$4.50-$5.00 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Finance/Banking
Government
Minor Activity: Sales

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

NORFOLK: OFFICE

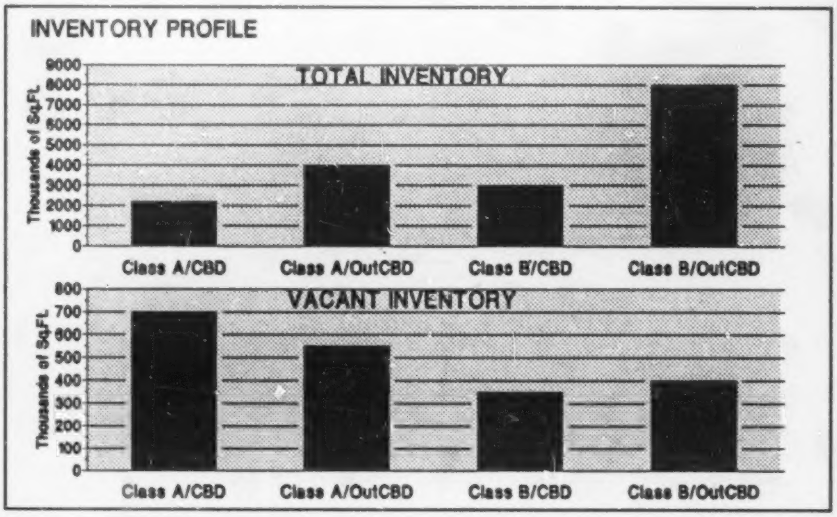
Market Area: Norfolk Metropolitan Area including Hampton Roads

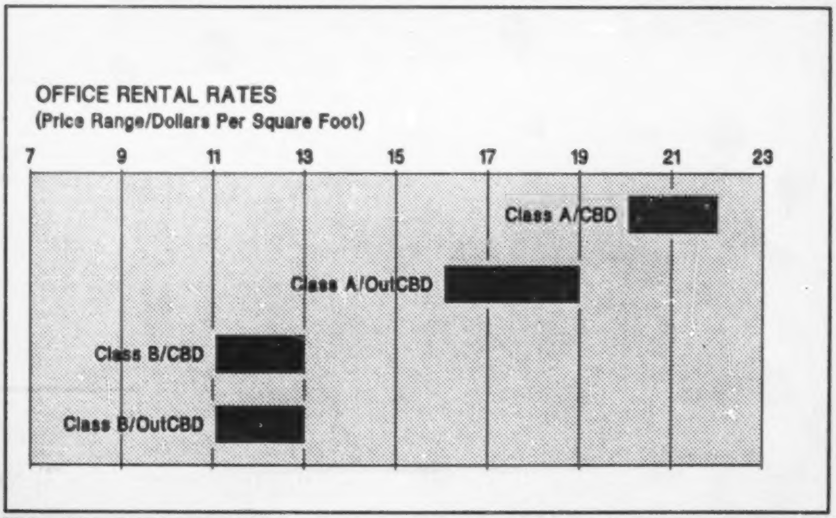
1988 REVIEW

Office building leasing in Norfolk continued to be slow during 1988 and there was an oversupply by the end of 1988. Vacancies were high in both the central city and the suburbs. The economy, which has long depended upon the deep water port and the U.S. Navy facilities, had other assets that helped sustain its strength. In addition to its service companies, the tourism and resort attractions added to the economic base.

1989 FORECAST

Due to the high vacancy rates in an overbuilt market, lenders are reluctant to finance new construction without significant pre-leasing. Along with the local economy, (dependent in large part on "defense" spending), the office leasing picture will remain much the same during 1989. SIOR respondents in the area indicate new construction will decrease from six to 10 percent.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,990,700
RANK BY POPULATION: 20
POPULATION GROWTH RATE: 1.81%
UNEMPLOYMENT RATE: 3.7%
MEDIAN HOUSEHOLD INCOME: $32,392
RANK BY INCOME: 21
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 5,011,104 sq.ft.
Class A/OutCBD: 262,000 sq.ft.
Class B/CBD: 4,774,165 sq.ft.
Class B/OutCBD: 3,603,874 sq.ft.

VACANT INVENTORY
Class A/CBD: 787,120 sq.ft.
Class A/OutCBD: 5,914 sq.ft.
Class B/CBD: 1,208,326 sq.ft.
Class B/OutCBD: 738,578 sq.ft.

VACANCY RATES
Class A/CBD: 15.7%
Class A/OutCBD: 2.3%
Class B/CBD: 25.3%
Class B/OutCBD: 20.5%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 440,068 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Classes A/CBD: 46,109 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $25 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 333 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Same
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Up 6-10%

OAKLAND: OFFICE

Market Area: Oakland Metropolitan Area including the Airport Business Park

1988 REVIEW

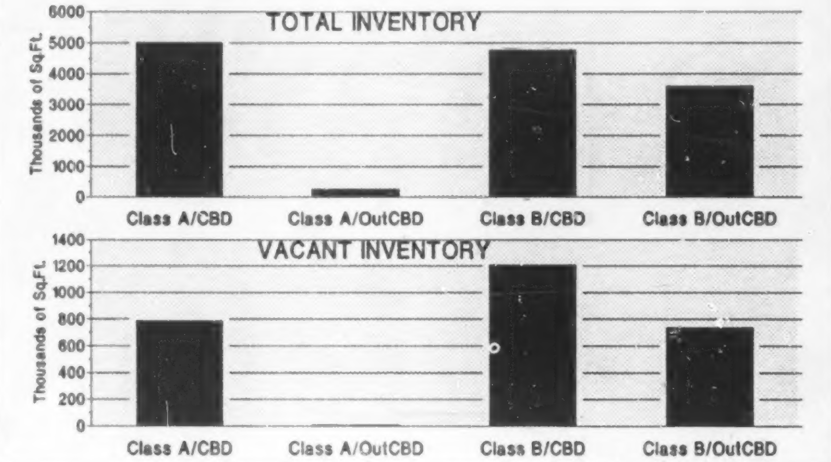
Located on the eastern side of the San Francisco Bay, Oakland was primarily a suburb of San Francisco for many years. Recently, however, the cities economy grew as the whole Bay area's economy strengthened. During 1988, non-manufacturing sectors in Oakland expanded and diversified.

1989 FORECAST

Currently, there are three office structures expected to be under construction in downtown Oakland in 1989, totalling approximately 660,000 square feet. Non-manufacturing sectors are expected to increase at a 3.4 percent annual rate through 1989.

Overall, absorption and vacancies should maintain 1988 levels during 1989. Construction and landlord concessions are expected to increase six to 10 percent, while rental rates should decrease by one to five percent.

INVENTORY PROFILE



n/a

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: n/a

OKLAHOMA CITY: OFFICE

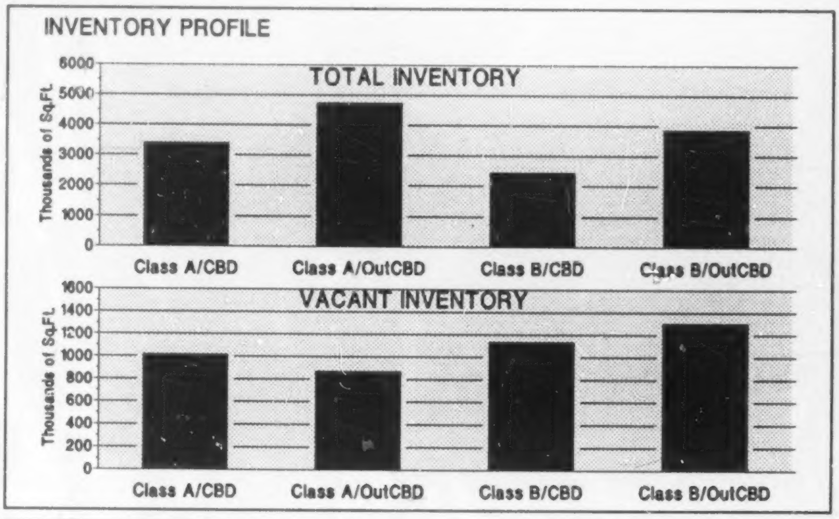
Market Area: Oklahoma City Metropolitan Area.

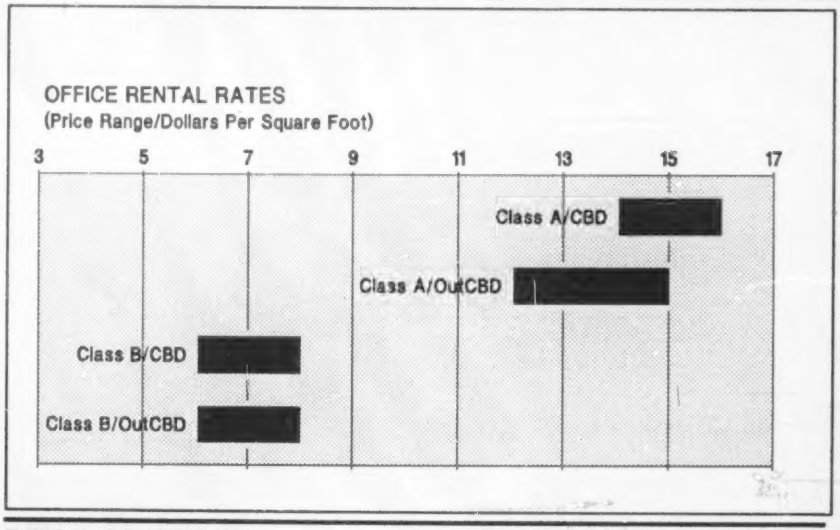
1988 REVIEW

It was "great news" in 1988 as net absorption of office space became positive for the first time since 1984. Activity on the leasing front also brought with it a firming in the rental rates. Many existing tenants began trying to negotiate longer term leases to take advantage of the still attractive, but rising rental rates. Although investor interest did increase there remained extraordinary opportunities for investments in office buildings in Oklahoma City. In addition to the increase in absorption, new corporate filings signaled a moderate rebound in the local economy.

1989 FORECAST

No speculative office buildings are under construction and none have been announced for 1989. Construction during the year will be limited to build-to-suit buildings. The outlook for 1989 is guarded as SIOR panelists indicate absorption and rental rates will increase one to five percent. A market with so much space on the market needs a high level of leasing activity to fill its vacant space and the expectations is for a decrease in vacancies of only one to five percent.





TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 9-12%

DEMOGRAPHICS

POPULATION: 975,700
RANK BY POPULATION: 46
POPULATION GROWTH RATE: 0.22%
UNEMPLOYMENT RATE: 5.1%
MEDIAN HOUSEHOLD INCOME: $26,061
RANK BY INCOME: 143
COST OF LIVING INDEX: 93.8
RANK BY COST OF LIVING: 67

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 3,393,000 sq.ft.
Class A/OutCBD: 4,730,000 sq.ft.
Class B/CBD: 2,457,000 sq.ft.
Class B/OutCBD: 3,870,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,015,000 sq.ft.
Class A/OutCBD: 870,000 sq.ft.
Class B/CBD: 1,135,000 sq.ft.
Class B/OutCBD: 1,305,000 sq.ft.

VACANCY RATES
Class A/CBD: 29.9%
Class A/OutCBD: 18.4%
Class B/CBD: 46.2%
Class B/OutCBD: 33.7%

SUBLEASE INVENTORY
Class A: 90,000 sq.ft.
Class B: 140,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 140,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 56,000 sq.ft.
Class A/OutCBD: 108,000 sq.ft.
Class B/CBD: 23,000 sq.ft.
Class B/OutCBD: 38,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.35 per sq.ft.
OutCBD: $1.35 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Minor Activity: Insurance
Business Services
Sales
Finance/Banking
Government
Energy

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

OMAHA: OFFICE

Market Area: Omaha, Ralston, Bellevue and Millard

DEMOGRAPHICS

POPULATION: 615,400
RANK BY POPULATION: 75
POPULATION GROWTH RATE: 0.12%
UNEMPLOYMENT RATE: 3.8%
MEDIAN HOUSEHOLD INCOME: $28,231
RANK BY INCOME: 70
COST OF LIVING INDEX: 94.7
RANK BY COST OF LIVING: 63

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,388,700 sq.ft.
Class A/OutCBD: 2,980,900 sq.ft.
Class B/CBD: 1,132,600 sq.ft.
Class B/OutCBD: 1,815,200 sq.ft.

VACANT INVENTORY
Class A/CBD: 141,900 sq.ft.
Class A/OutCBD: 235,500 sq.ft.
Class B/CBD: 211,200 sq.ft.
Class B/OutCBD: 302,350 sq.ft.

VACANCY RATES
Class A/CBD: 10.2%
Class A/OutCBD: 7.9%
Class B/CBD: 18.6%
Class B/OutCBD: 16.7%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 85,000 sq.ft.
Class A/OutCBD: 262,000 sq.ft.
Class B/CBD: 10,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 80,000 sq.ft.
Class A/OutCBD: 330,000 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 140,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.25 per sq.ft.
OutCBD: $1.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $3.75-$4.25 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Business Services Insurance Sales
Minor Activity:	Finance/Banking Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: n/a
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

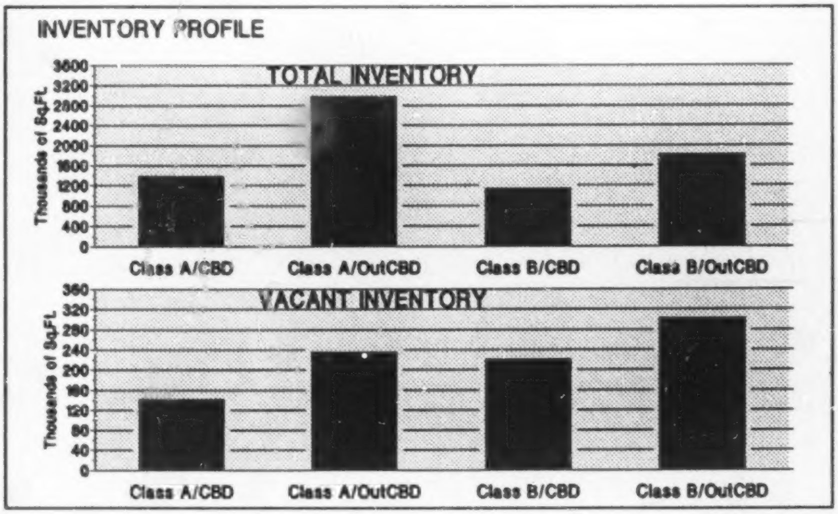
1988 REVIEW

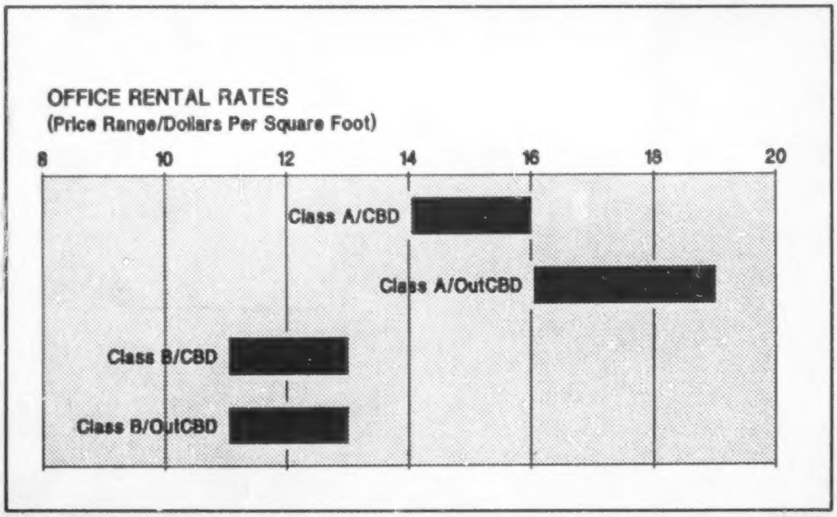
The Nebraska economy was stronger in 1988 than previously. This was primarily due to state tax incentives for business. This enlarged business expansion of facilities and brought new business to the area.

Demand for Class A and B office space particularly in the suburban market was strong in 1988. Some large office users relocated and expanded. The Class A projects were generally sold to large institutional investors.

1989 FORECAST

New office development is not expected to increase in 1989. Absorption is expected to maintain 1988 levels. Construction should increase one to five percent.





TYPICAL CONCESSIONS:

- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Parking

RENTAL RATE DISCOUNT FACTOR: 6-10%

ORLANDO: OFFICE

Market Area: Orlando Metropolitan Area

1988 REVIEW

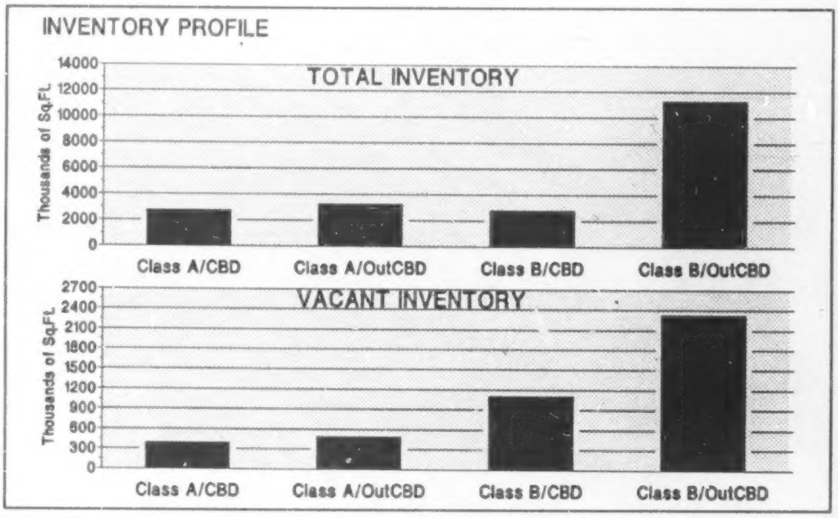
Orlando, located midway between Tampa and Cape Canaveral, was one of the fastest growing markets in the country in 1988. Its economic base consists of tourism and high tech industries.

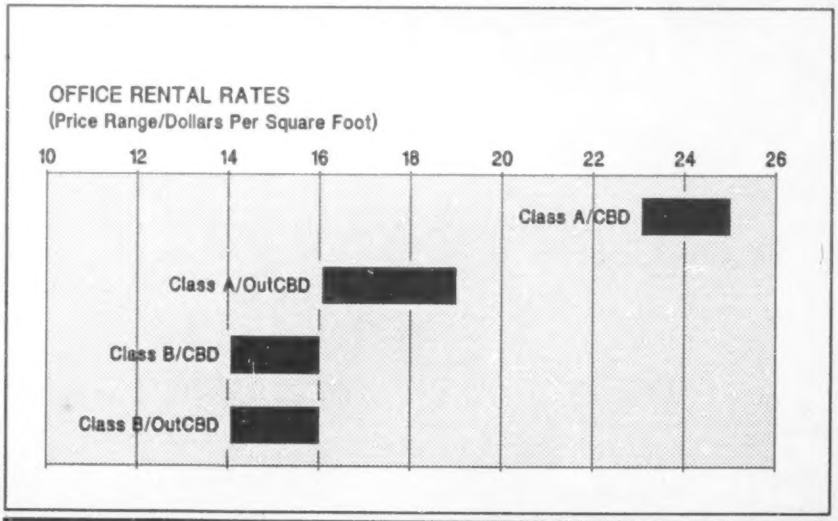
The Orlando economy was stable in 1988. The high tech industry grew. Demand for office space remained similar to 1987 levels.

1989 FORECAST

The local economy is expected to remain healthy and grow in 1989. New movie studios and high tech firms should bring jobs to the area.

Overall, absorption is expected to increase one to five percent and construction should decrease 300 percent. Rental rates are expected to remain at 1988 levels, while vacancies should decrease one to five percent. Landlord concessions are expected to decrease six to 10 percent.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 950,400
RANK BY POPULATION: 52
POPULATION GROWTH RATE: 3.36%
UNEMPLOYMENT RATE: 4.9%
MEDIAN HOUSEHOLD INCOME: $26,850
RANK BY INCOME: 126
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,769,000 sq.ft.
Class A/OutCBD: 3,255,500 sq.ft.
Class B/CBD: 2,815,000 sq.ft.
Class B/OutCBD: 11,266,500 sq.ft.

VACANT INVENTORY
Class A/CBD: 391,300 sq.ft.
Class A/OutCBD: 486,100 sq.ft.
Class B/CBD: 1,110,600 sq.ft.
Class B/OutCBD: 2,323,900 sq.ft.

VACANCY RATES
Class A/CBD: 14.1%
Class A/OutCBD: 14.9%
Class B/CBD: 39.4%
Class B/OutCBD: 20.6%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 239,000 sq.ft.
Class A/OutCBD: 440,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 265,700 sq.ft.

NET ABSORPTION
Class A/CBD: 631,000 sq.ft.
Class A/OutCBD: 461,000 sq.ft.
Class B/CBD: (233,000) sq.ft.
Class B/OutCBD: 864,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: Up to $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a.
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 300%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 6-10%

DEMOGRAPHICS

POPULATION: 4,891,000
RANK BY POPULATION: 4
POPULATION GROWTH RATE: 0.69%
UNEMPLOYMENT RATE: 3.4%
MEDIAN HOUSEHOLD INCOME: $27,910
RANK BY INCOME: 81
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 22,685,147 sq.ft.
Classes A&B/OutCBD: 30,200,045 sq.ft.
Class B/CBD: 7,688,733 sq.ft.

VACANT INVENTORY

Class A/CBD: 3,344,616 sq.ft.
Classes A&B/OutCBD: 4,945,000 sq.ft.
Class B/CBD: 772,865 sq.ft.

VACANCY RATES

Class A/CBD: 14.7%
Classes A&B/OutCBD: 16.4%
Class B/CBD: 10.1%

SUBLEASE INVENTORY

Class A: 820,000 sq.ft.
Class B: 157,970 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 4,889,000 sq.ft.
Class A/OutCBD: 3,608,792 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 1,254,166 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 450,510 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Stop: $4.50 per sq.ft. ($2.50 taxes CBD)

LEASING ACTIVITY PROFILE

Major Activity: Legal/Accounting
Insurance
Finance/Banking
Sales
Minor Activity: Business Services
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

PHILADELPHIA: OFFICE

Market Area: Philadelphia, Bucks, Montgomery, Chester and Delaware Counties

1988 REVIEW

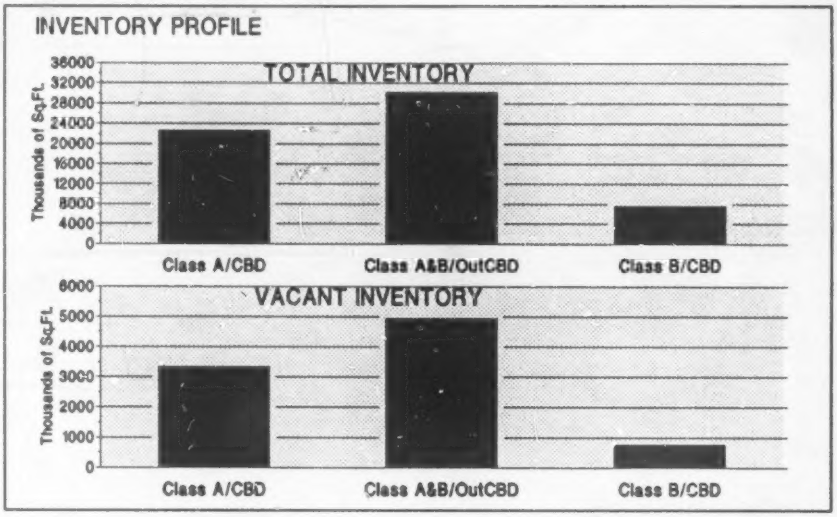
Leasing activity was strong in both the suburban and center city office markets, characterized by relocations of law firms, consulting firms, and smaller tenants. The abundant supply of office space created a renter's market.

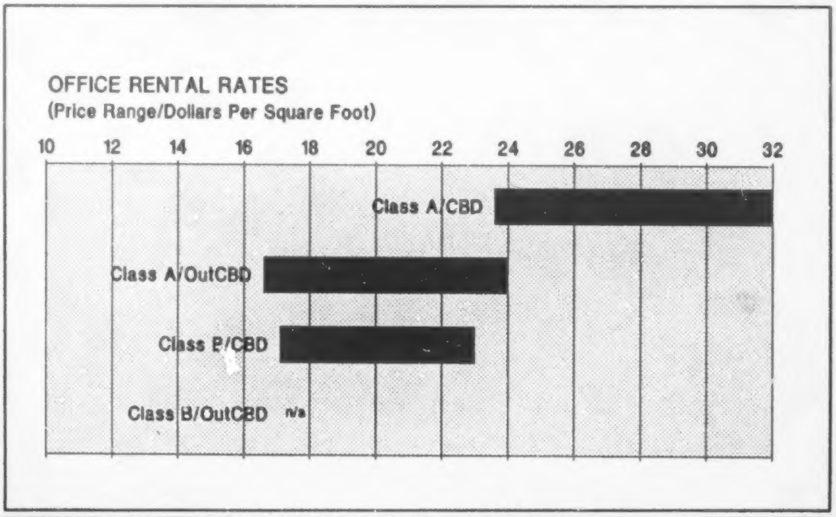
The diversity of the economy helped support expansions of existing firms and created new demand for office space, especially in the suburban locations. Approximately 1.2 million square feet of space was absorbed in center city and over 450,000 square feet of space was absorbed in the suburban market.

Foreign investment was not apparent during 1988, as no major office projects were sold to foreign investors.

1989 FORECAST

New construction will be active during 1989. The total square footage under construction in center city is approximately equal to 22 percent of all Class A space currently in the center city market. Several projects under construction in the suburbs include Metroplex and Tower Bridge.





TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 10-20%

DEMOGRAPHICS

POPULATION: 1,977,600
RANK BY POPULATION: 19
POPULATION GROWTH RATE: 2.10%
UNEMPLOYMENT RATE: 5.5%
MEDIAN HOUSEHOLD INCOME: $28,057
RANK BY INCOME: 76
COST OF LIVING INDEX: 106.3
RANK BY COST OF LIVING: 20

MARKET DATA

TOTAL INVENTORY
Classes A&B/CBD: 19,461,327 sq.ft.
Classes A&B/OutCBD: 12,543,744 sq.ft.

VACANT INVENTORY
Classes A&B/CBD: 3,725,269 sq.ft.
Classes A&B/OutCBD: 3,318,699 sq.ft.

VACANCY RATES
Classes A&B/CBD: 19.1%
Classes A&B/OutCBD: 26.5%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Classes A&B/CBD: 3,005,961 sq.ft.
Classes A&B/OutCBD: 806,930 sq.ft.

NET ABSORPTION
Classes A&B/CBD: 663,520 sq.ft.
Classes A&B/OutCBD: 851,276 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 300 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.05 per sq.ft.
OutCBD: $2.05 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.50-$5.00 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Sales
Communications
Real Estate Services
Minor Activity: Insurance
Finance/Banking

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: n/a
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

PHOENIX: OFFICE

Market Area: Phoenix Metropolitan Area

1988 REVIEW

The Phoenix area economy experienced a decrease in the growth rate of its economy in 1988. However, the economy remained healthy.

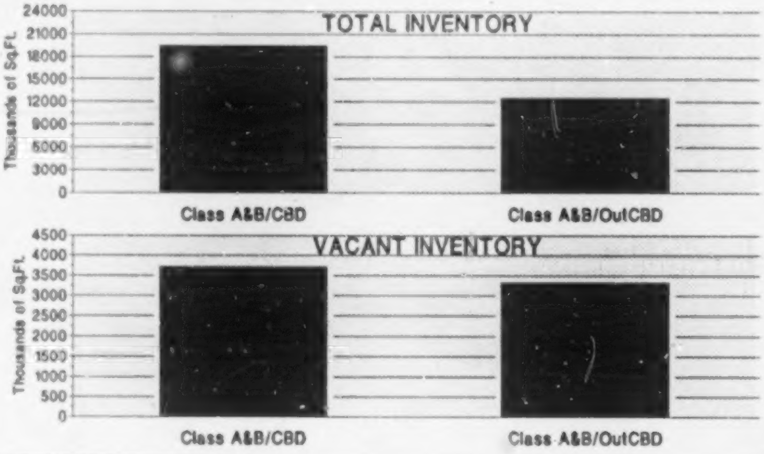
The office market was steady, but not overwhelming. It experienced decreased amounts of new supply under development. Also, there was a shift in new projects to the Central Phoenix corridor.

1989 FORECAST

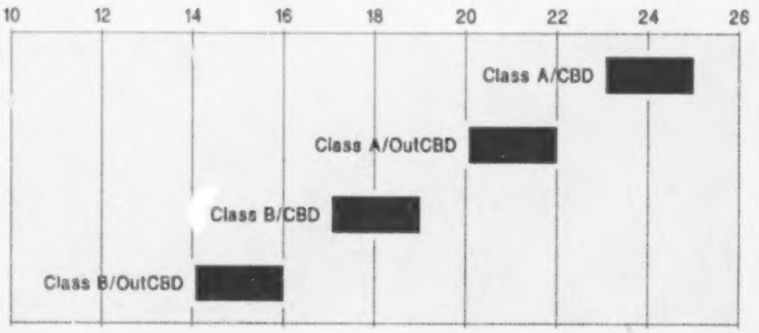
Through the end of 1988 and into 1989, construction of 3,005,961 square feet of new office space will be completed. An oversupply of office space is projected to continue for a short time. Therefore, development of new speculative office space will be minimal. However, absorption is expected to be strong with a forecasted 2.6 million square feet to be absorbed.

In general, both absorption and rental rates are predicted to increase one to five percent over 1988 levels. Also vacancies and landlord concessions should decrease by approximately one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 2,106,500
RANK BY POPULATION: 18
POPULATION GROWTH RATE: -0.32%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $25,576
RANK BY INCOME: 168
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 15,450,000 sq.ft.
Class A/OutCBD: 6,700,000 sq.ft.
Class B/CBD: 8,182,000 sq.ft.
Class B/OutCBD: 5,450,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 2,688,000 sq.ft.
Class A/OutCBD: 536,000 sq.ft.
Class B/CBD: 1,424,000 sq.ft.
Class B/OutCBD: 850,000 sq.ft.

VACANCY RATES

Class A/CBD: 17.4%
Class A/OutCBD: 8.0%
Class B/CBD: 17.4%
Class B/OutCBD: 15.6%

SUBLEASE INVENTORY

Class A: 985,000 sq.ft.
Class B: 475,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 80,000 sq.ft.
Class B/OutCBD: 108,000 sq.ft.

NET ABSORPTION

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 280,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.90-2.15 per sq.ft.
OutCBD: $1.65-1.85 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity: Legal/Accounting
Business Services
Sales
Finance/Banking
Energy
Health Industry
Environmental Service

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

PITTSBURGH: OFFICE

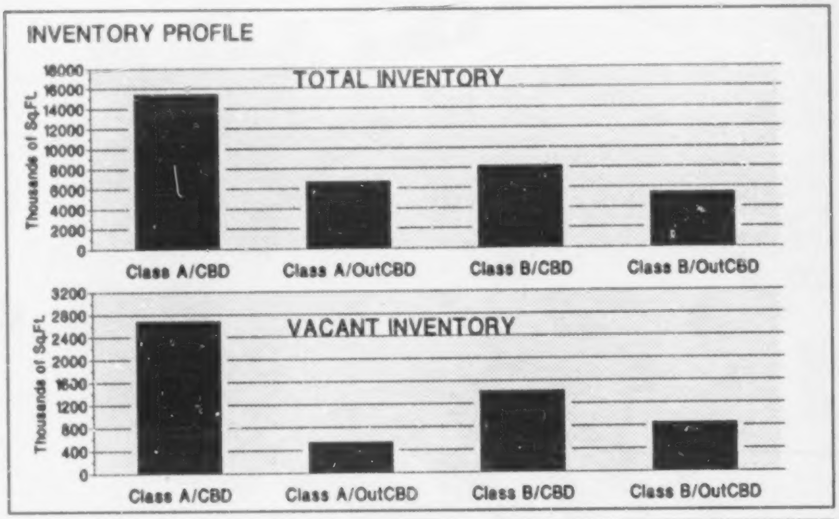
Market Area: Pittsburgh Metropolitan Area including Allegheny County

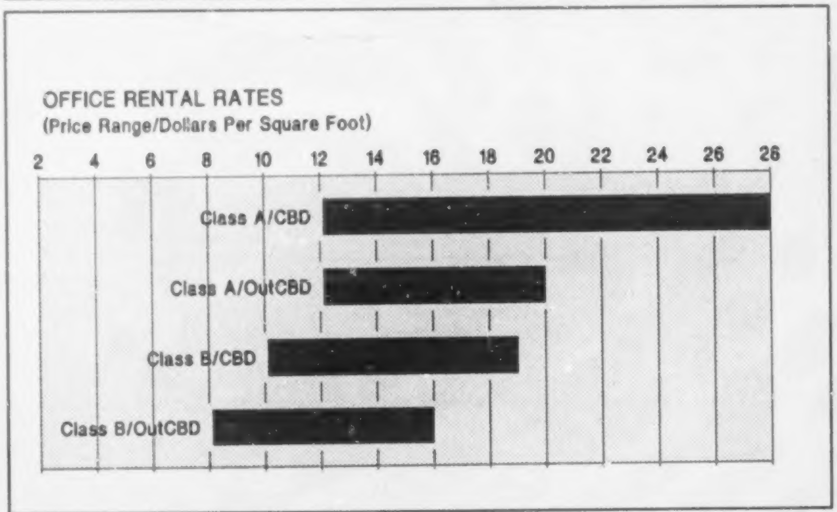
1988 REVIEW

Pittsburgh has suffered economic hardship ever since the decline of steel production in the United States. Pittsburgh was ranked third in the roster of cities having corporate headquarters, but the economy did not support a dynamic office building market in 1988. There was moderate movement into the city by out-of-town tenants. Much of the absorption was generated from local business expansions.

1989 FORECAST

No new construction is predicted for the central business district. Total construction may increase five percent during 1989. Great improvement is forecasted for the east and southwest sections of the suburban office market. A modest one to five percent increase in absorption will help to remove some of the existing inventory. This should create a slight decrease in the vacancy rate. Gross rents are expected to increase one to five percent. Effective rents should increase also, due to the expectations that lease concessions will remain the same.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

PORTLAND, ME: OFFICE

Market Area: Portland Metropolitan Area

DEMOGRAPHICS

POPULATION: 232,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.90%
UNEMPLOYMENT RATE: 1.8%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,600,000 sq.ft.
Class A/OutCBD: 1,300,000 sq.ft.
Class B/CBD: 1,200,000 sq.ft.
Class B/OutCBD: 1,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 170,000 sq.ft.
Class A/OutCBD: 155,000 sq.ft.
Class B/CBD: 90,000 sq.ft.
Class B/OutCBD: 210,000 sq.ft.

VACANCY RATES

Class A/CBD: 10.6%
Class A/OutCBD: 11.9%
Class B/CBD: 7.5%
Class B/OutCBD: 21.0%

SUBLEASE INVENTORY

Class A: 110,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1.5 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $1.20 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Finance/Banking Engineering/Architecture
Minor Activity:	Business Services Sales Government

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

1988 REVIEW

The Portland economy continued to be relatively strong in 1988. In particular the service economy, legal and financial sectors experienced growth.

There was a general trend of office relocation to the suburbs from downtown. The downtown parking space problem was a partial cause for the move.

There was a slowdown in demand for office space both in the central city and outside the central city. Vacancy rates leveled at 11.8 percent.

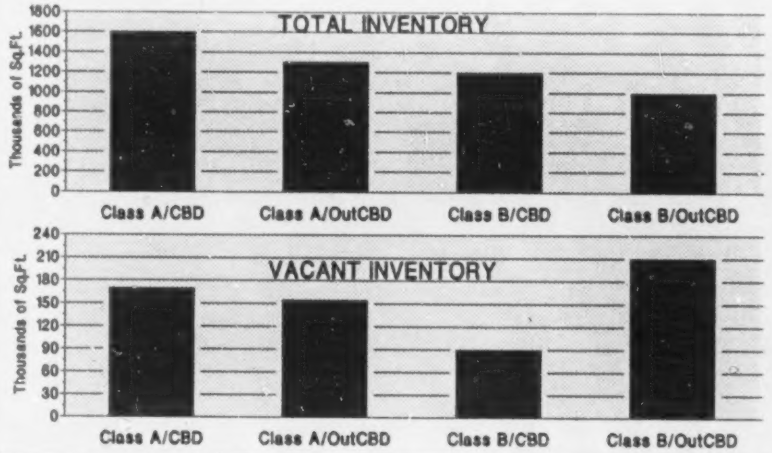
1989 FORECAST

Very little speculative development is expected for 1989. Developers should demand pre-lease commitments before constructing new space, except for small office parks in the suburbs.

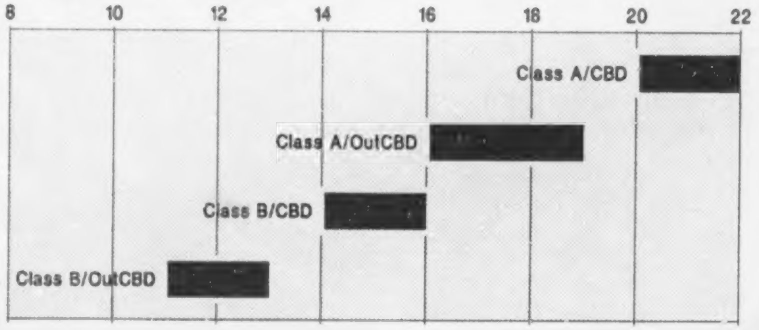
The Portland area should continue to see an exodus of major tenants to the suburbs over the next few years.

In general, absorption is expected to decrease six to 10 percent, and construction is expected to increase six to 10 percent. Rental rates and landlord concessions should maintain 1988 levels and vacancies are expected to decrease one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS: none

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 373,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.10%
UNEMPLOYMENT RATE: 7.3%
MEDIAN HOUSEHOLD INCOME: $27,845
RANK BY INCOME: 81
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 152,000 sq.ft.
Class A/OutCBD: 140,000 sq.ft.
Class B/CBD: 130,000 sq.ft.
Class B/OutCBD: 122,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 38,000 sq.ft.
Class A/OutCBD: 19,700 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 64,000 sq.ft.

VACANCY RATES
Class A/CBD: 25.0%
Class A/OutCBD: 14%
Class B/CBD: 31%
Class B/OutCBD: 52%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 3,000 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 24,000 sq.ft.
Class B/OutCBD: 8,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Minor Activity: Insurance
Business Services
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

QUAD CITIES: OFFICE

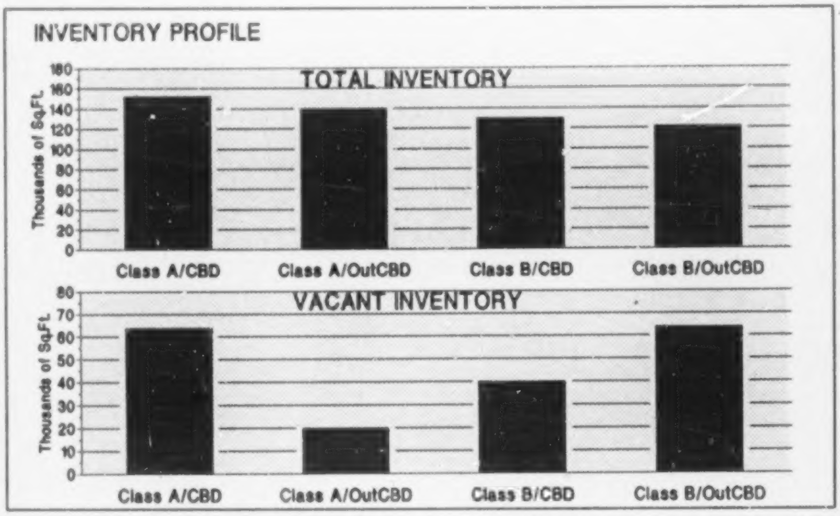
Market Area: Bettendorf and Davenport Iowa; East Moline, Moline, and Rock Island, Illinois

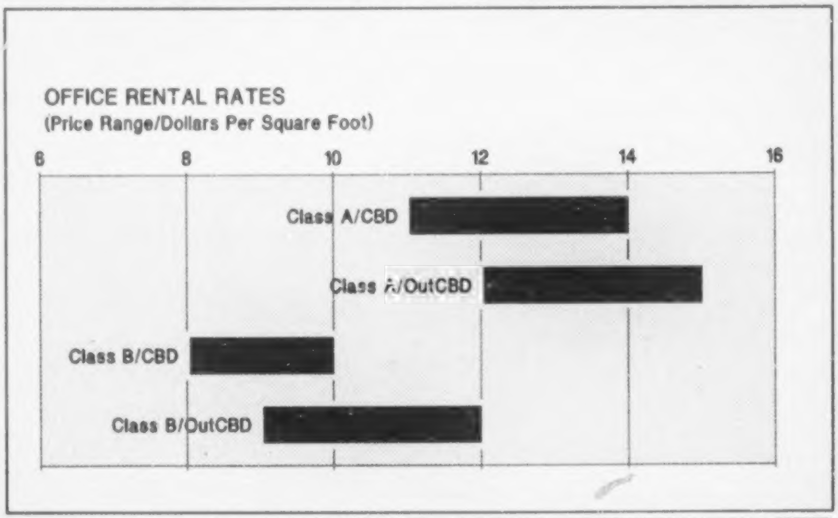
1988 REVIEW

Demand for office space remained weak, as the market had an adequate inventory available. Most of the leasing activity continued to be from local users who were relocating or moving up. The Quad Cities region relied heavily on its manufacturing capacity and work force. Though plants had been heavily affected by the deficit in the trade balance which resulted in plant closings, any improvement that opens the flow of industrial production is sure to be felt in this region.

1989 FORECAST

There are few speculative developments being discussed for 1989 as the demand for Class A space is not strong enough to attract developers into the market. The office market is supported primarily by local enterprises. However, the region has a skilled work force, good location, and a good quality of life, all of which have begun to create outside interest in the area.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

RALEIGH: OFFICE

Market Area: Raleigh Metropolitan Area including Wake County

1988 REVIEW

The Raleigh economy was strong and broad based in 1988. The economy consisted primarily of government, high tech, research and development, agriculture, universities and small manufacturing.

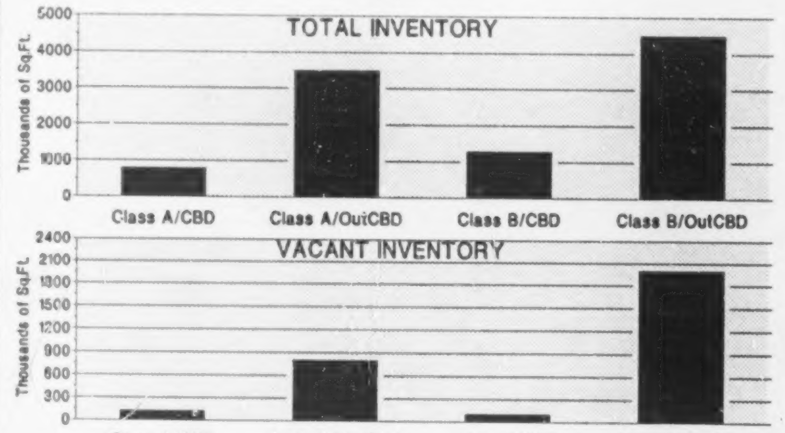
There was a strong demand for leased space driven by local expansions, relocations and new start-up companies.

1989 FORECAST

There should continue to be a considerable amount of "move up" activity and expansions in the 1989 local office market. This should leave a tremendous amount of available Class B and C space. An expected 800,000 square feet will be under construction in 1989, this represents one-half the absorption rate for the area.

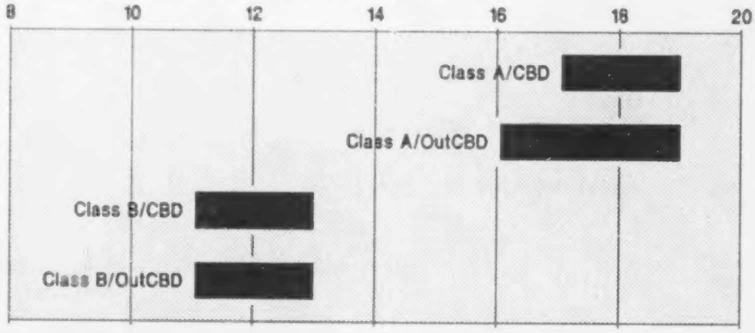
In general, absorption and construction should increase six to 10 percent and rental rates are expected to increase one to five percent. Vacancies should decrease one to five percent and landlord concessions are expected to decrease six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES

(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 665,500
RANK BY POPULATION: 67
POPULATION GROWTH RATE: 2.01%
UNEMPLOYMENT RATE: 2.1%
MEDIAN HOUSEHOLD INCOME: $28,931
RANK BY INCOME: 54
COST OF LIVING INDEX: 101.5
RANK BY COST OF LIVING: 38

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 800,000 sq.ft.
Class A/OutCBD: 3,500,000 sq.ft.
Class B/CBD: 1,300,000 sq.ft.
Class B/OutCBD: 4,500,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 125,000 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANCY RATES
Class A/CBD: 15.6%
Class A/OutCBD: 22.9%
Class B/CBD: 7.7%
Class B/OutCBD: 44.4%

SUBLEASE INVENTORY
Class A: 20,000 sq.ft.
Class B: 250,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 400,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft./highly negotiable.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$3.75-$4.25 per useable sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Finance/Banking
Minor Activity:	Insurance Business Services Sales Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

RENO: OFFICE

Market Area: Reno Metropolitan Area

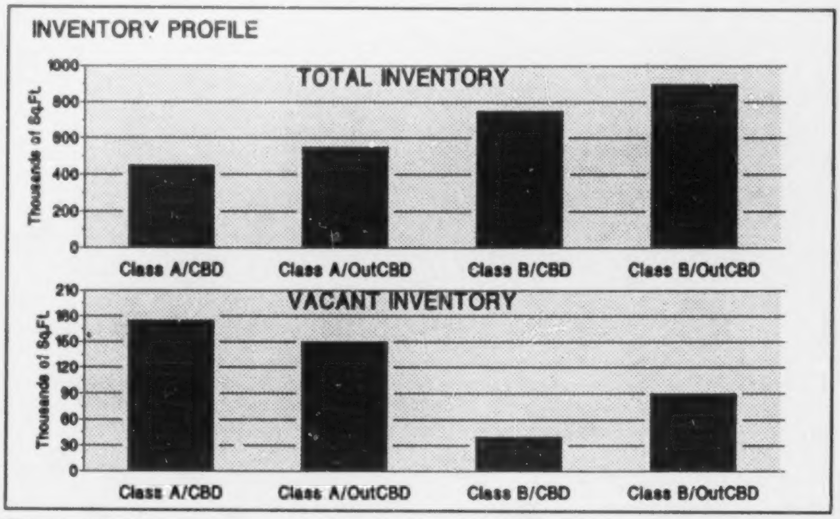
1988 REVIEW

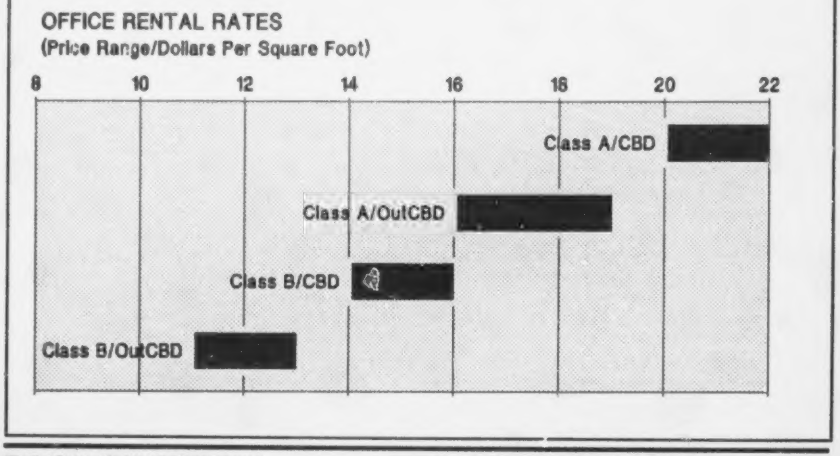
The Reno economy remained stable in 1988. Most office absorption came from existing business expansion. Few new firms relocated to the area in 1988.

1989 FORECAST

The 1989 Reno economy should remain similar to the 1988 economy. Speculative office development should be minimal within the central city. Approximately 100,000 square feet of speculative space outside the central city will come on line in 1989.

Generally, absorption, construction, rental rates, vacancies and landlord concessions are all expected to increase approximately one to five percent in 1989.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 238,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $26,574
RANK BY INCOME: 127
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 450,000 sq.ft.
Class A/OutCBD: 550,000 sq.ft.
Class B/CBD: 750,000 sq.ft.
Class B/OutCBD: 900,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 175,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 90,000 sq.ft.

VACANCY RATES
Class A/CBD: 38.9%
Class A/OutCBD: 27.3%
Class B/CBD: 5.3%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY
Class A: 30,000 sq.ft.
Class B: 45,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 185,000 sq.ft.
Class A/OutCBD: 105,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 35,000 sq.ft.

NET ABSORPTION
Class A/CBD: 22,500 sq.ft.
Class A/OutCBD: 16,500 sq.ft.
Class B/CBD: 18,750 sq.ft.
Class B/OutCBD: 31,500 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2 per 1000 sq.ft.
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.40-1.50 per sq.ft.
OutCBD: $1.40-1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Sales
Government
Mining
Minor Activity: Insurance
Finance/Banking

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

RICHMOND: OFFICE

Market Area: Richmond Metropolitan Area

1988 REVIEW

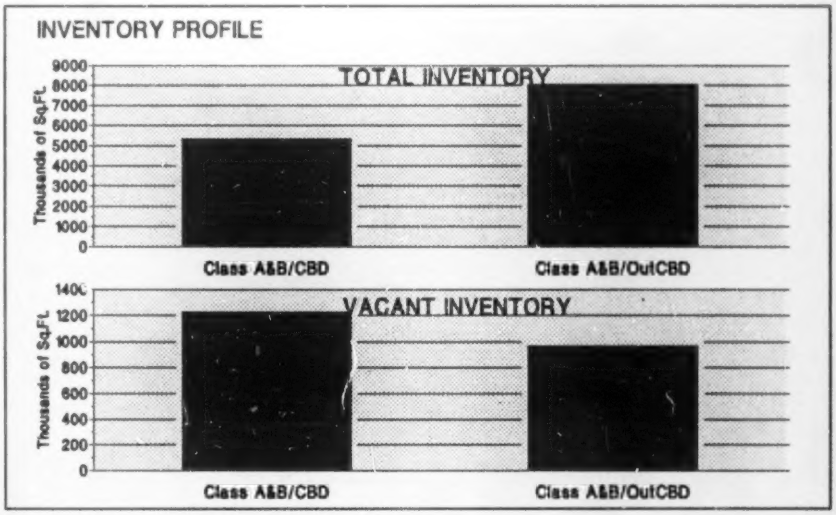
The Richmond economy remained healthy and diversified in 1988. Consequently the demand for office space was strong.

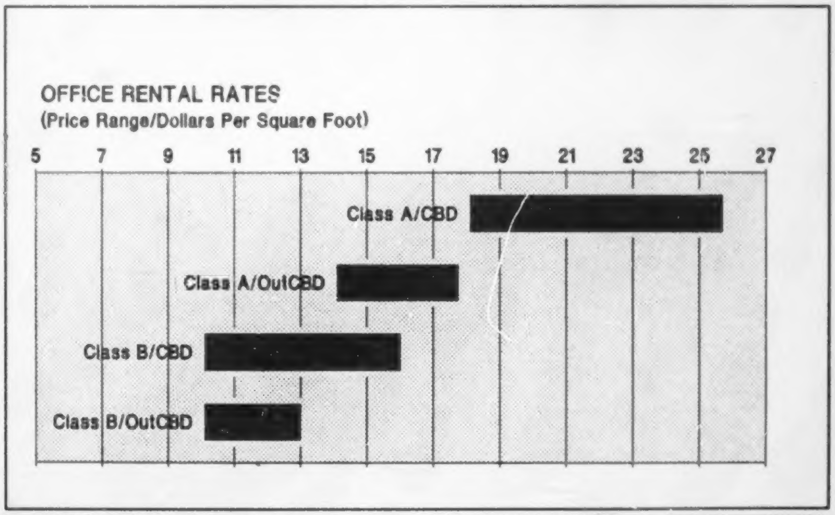
The variety of real estate products allowed tenants the increased ability to upgrade. Also, concessions were prominent, decreasing gross rents by as much as 16 to 20 percent.

1989 FORECAST

The local economy should be similar to that in 1988. Speculative development is expected to continue at relatively the same pace.

Overall, only absorption should change, decreasing six to 10 percent in 1989.





TYPICAL CONCESSIONS:

- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 819,700
RANK BY POPULATION: 62
POPULATION GROWTH RATE: 1.51%
UNEMPLOYMENT RATE: 3.6%
MEDIAN HOUSEHOLD INCOME: $30,762
RANK BY INCOME: 34
COST OF LIVING INDEX: 103
RANK BY COST OF LIVING: 33

MARKET DATA

TOTAL INVENTORY
Classes A&B/CBD: 5,319,088 sq.ft.
Classes A&B/OutCBD: 8,060,000 sq.ft.

VACANT INVENTORY
Classes A&B/CBD: 1,226,521 sq.ft.
Classes A&B/OutCBD: 968,000 sq.ft.

VACANCY RATES
Classes A&B/CBD: 23.1%
Classes A&B/OutCBD: 12.0%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Classes A&B/CBD: 880,000 sq.ft.
Classes A&B/OutCBD: 1,420,000 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10.00 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Insurance Finance/Banking Government
Minor Activity:	Legal/Accounting Business Services Sales Engineering/Architecture Energy

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

ROANOKE: OFFICE

Market Area: Roanoke Valley and Roanoke Metropolitan Area

DEMOGRAPHICS

POPULATION: 231,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.3%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $28,385
RANK BY INCOME: 63
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 700,000 sq.ft.
Class A/OutCBD: 280,000 sq.ft.
Class B/CBD: 425,000 sq.ft.
Class B/OutCBD: 650,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 80,000 sq.ft.
Class A/OutCBD: 87,000 sq.ft.
Class B/CBD: 90,000 sq.ft.
Class B/OutCBD: 125,000 sq.ft.

VACANCY RATES
Class A/CBD: 11.4%
Class A/OutCBD: 31.0%
Class B/CBD: 21.2%
Class B/OutCBD: 19.2%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 75,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 0
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.35-$1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: Annual percentage increase on base rent.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Business Services Sales Finance/Banking
Minor Activity:	Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

1988 REVIEW

The 1988 Roanoke economy was stable, the demand for office space sales remained modest, while leasing demand was stable.

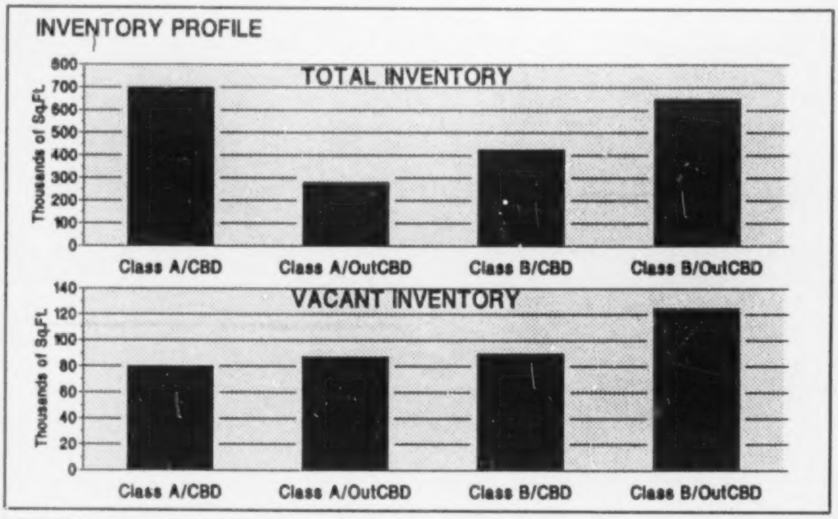
Most of the development was in office space and a combination of office/warehousing space. The market was close to overbuilt, based on the limited depth of the marketplace.

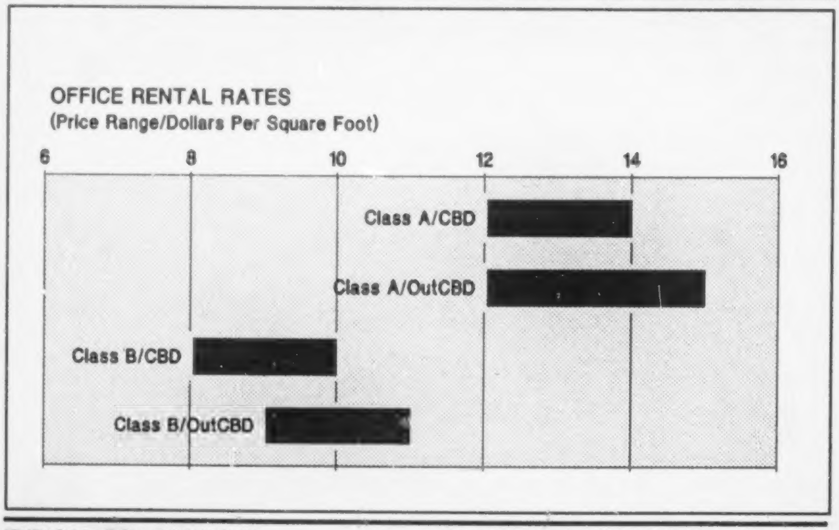
1989 FORECAST

The local economy may slow somewhat in 1989. Approximately 150,000 square feet of speculative development is planned for the suburbs.

Almost 100,000 square feet of new space is expected in the central city. This should provide an adequate supply through 1990.

In general, absorption and rental rates are expected to maintain 1988 levels in 1989. Construction, vacancies and landlord concessions should increase one to five percent.





TYPICAL CONCESSIONS:
Parking (Suburbs Only)
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,341,700
RANK BY POPULATION: 32
POPULATION GROWTH RATE: 1.93%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $25,184
RANK BY INCOME: 179
COST OF LIVING INDEX: 104.5
RANK BY COST OF LIVING: 25

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,000,000 sq.ft.
Class A/OutCBD: 8,500,000 sq.ft.
Class B/CBD: 4,100,000 sq.ft.
Class B/OutCBD: 10,500,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 50,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 380,000 sq.ft.
Class B/OutCBD: 2,900,000 sq.ft.

VACANCY RATES
Class A/CBD: 2.5%
Class A/OutCBD: 11.8%
Class B/CBD: 9.3%
Class B/OutCBD: 27.6%

SUBLEASE INVENTORY
Class A: 40,000 sq.ft.
Class B: 150,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 835,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 500,000 sq.ft.

NET ABSORPTION
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 1,800,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $0.14 per sq.ft.
OutCBD: $0.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: CBD = 4.75/sq.ft.;
OutCBD = $4.00/sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking
Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

SACRAMENTO: OFFICE

Market Area: Sacramento Metropolitan Area

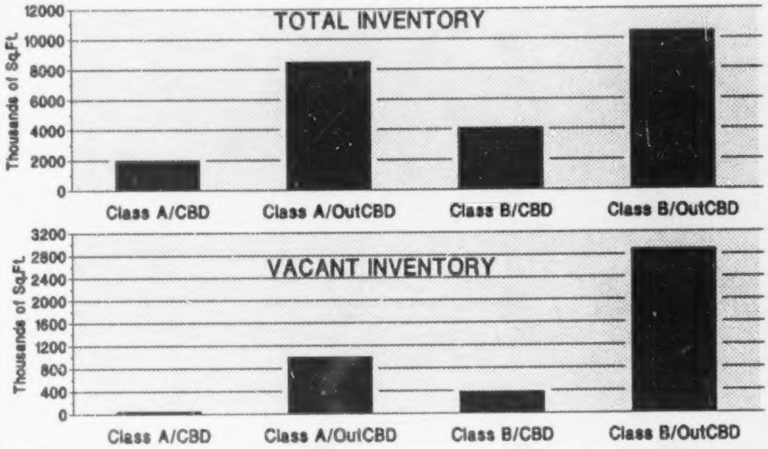
1988 REVIEW

Sacramento saw its economy develop new industry segments as high tech and light manufacturing firms moved into the area. The area became regionally service-oriented and these types of tenants grew 10 percent in 1988. In addition, the size of the average tenant had almost doubled, and grew from 2,700 square feet to 5,300 square feet since 1984. User relocations by local offices of national companies remained strong. Large national firms concerned with commercial development were also active in the market.

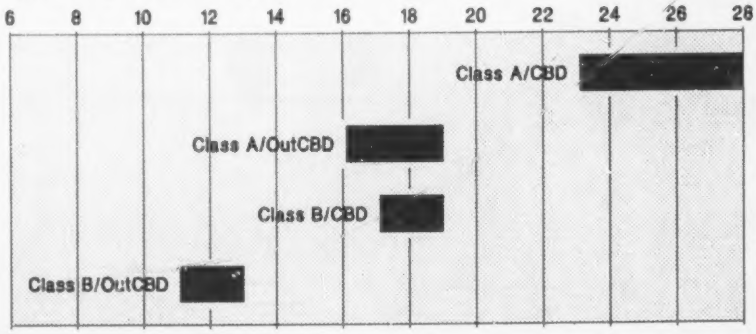
1989 FORECAST

With absorption leading construction by 35 percent in 1988, strong demand for office space will see further development and absorption continuing into 1989. In the CBD (with a total of just over 400,000 square feet of Class A and B space), there will be over one million square feet coming on the market in 1989. The State of California will be the major tenant in the CBD.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,056,500
RANK BY POPULATION: 44
POPULATION GROWTH RATE: 0.69%
UNEMPLOYMENT RATE: 4.2%
MEDIAN HOUSEHOLD INCOME: $27,742
RANK BY INCOME: 91
COST OF LIVING INDEX: 98.8
RANK BY COST OF LIVING: 48

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,233,000 sq.ft.
Class A/OutCBD: 692,000 sq.ft.
Class B/CBD: 3,299,000 sq.ft.
Class B/OutCBD: 1,141,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 647,570 sq.ft.
Class A/OutCBD: 96,880 sq.ft.
Class B/CBD: 329,900 sq.ft.
Class B/OutCBD: 353,710 sq.ft.

VACANCY RATES
Class A/CBD: 29.0%
Class A/OutCBD: 14.0%
Class B/CBD: 10.0%
Class B/OutCBD: 31.0%

SUBLEASE INVENTORY
Class A: 50,000 sq.ft.
Class B: 25,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: (94,712) gross sq.ft.
Class B/CBD: 242,047 sq.ft.
Classes A&B/OutCBD: 209,568 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.35 per sq.ft.
OutCBD: $1.35 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $3.50-$6.00 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Sales
Finance/Banking
Government
Minor Activity: Business Services

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: n/a
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

SALT LAKE CITY: OFFICE

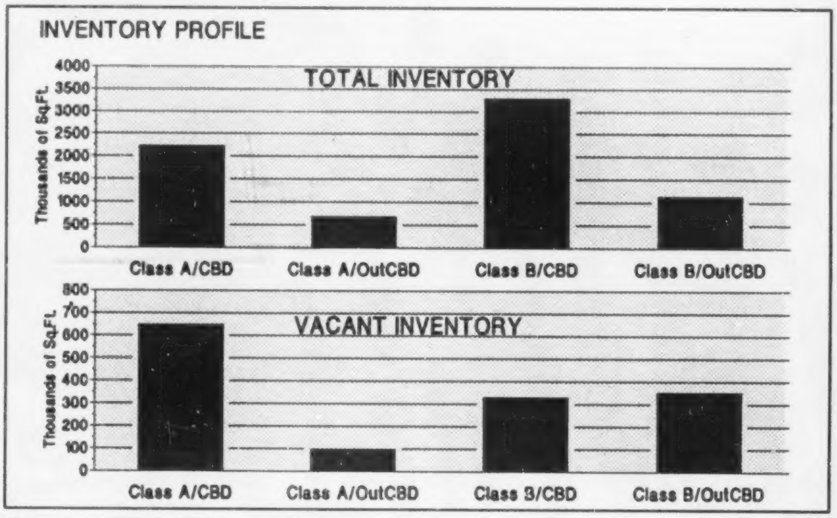
Market Area: Salt Lake City Metropolitan Area

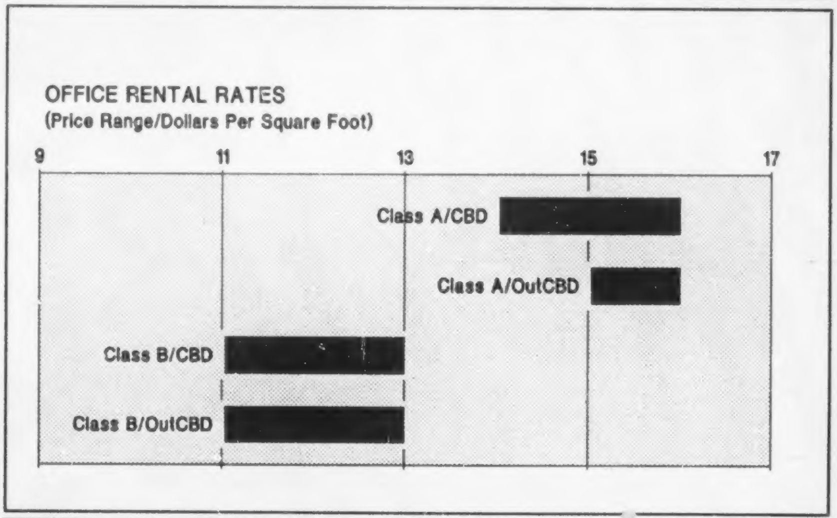
1988 REVIEW

Salt Lake City office building owners operated in a moderate but steady market which normally absorbed 500,000 to 750,000 square feet of space. In 1988 the change in the occupied stock fell below this average level to just over 300,000 square feet.

1989 FORECAST

One new project of 100,000 square feet is expected to be available for lease during 1989. Estimates for the Salt Lake City economy are conservatively optimistic. Leasing agents are looking for strong demand for Class A space fueled by firms coming into the area to establish regional headquarters. This demand is being created because of the accessibility of Salt lake City within the region and the good labor market that is available. According to SIOR respondents both construction and absorption will increase 11 to 15 percent during 1989. Rental rates will not rise as dramatically, probably only by one to five percent.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,314,000
RANK BY POPULATION: 36
POPULATION GROWTH RATE: 0.06%
UNEMPLOYMENT RATE: 6.5%
MEDIAN HOUSEHOLD INCOME: $25,365
RANK BY INCOME: 174
COST OF LIVING INDEX: 96.2
RANK BY COST OF LIVING: 49

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,157,163 sq.ft.
Class A/OutCBD: 6,030,000 sq.ft.
Class B/CBD: 2,650,000 sq.ft.
Class B/OutCBD: 9,330,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 460,000 sq.ft.
Class A/OutCBD: 1,800,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 3,040,000 sq.ft.

VACANCY RATES
Class A/CBD: 21.3%
Class A/OutCBD: 29.9%
Class B/CBD: 22.6%
Class B/OutCBD: 32.6%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: (42,460) sq.ft.
Class A/OutCBD: 231,440 sq.ft.
Class B/CBD: (65,900) sq.ft.
Class B/OutCBD: 462,880 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.70 per sq.ft.
OutCBD: $1.70 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop: $4.50-$5.00 per sq.ft.

LEASING ACTIVITY PROFILE
Minor Activity: Legal/Accounting
Business Services
Sales
Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 6-10%

SAN ANTONIO: OFFICE

Market Area: San Antonio Metropolitan Area

1988 REVIEW

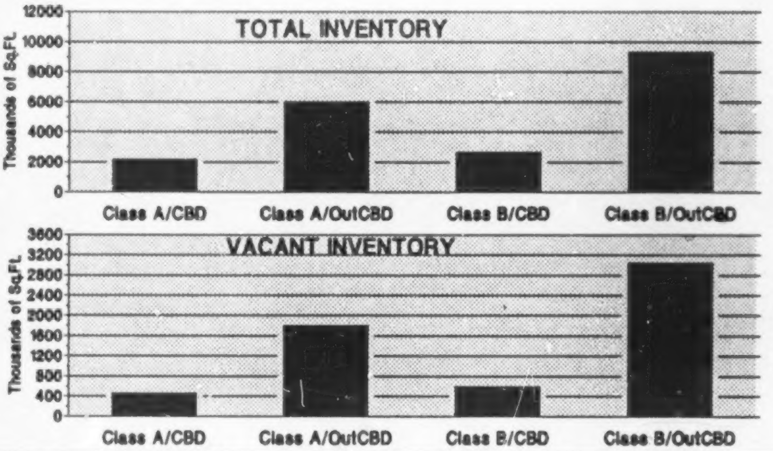
The local San Antonio economy began to show slight signs of recovery in 1988. With respect to the office market, there was a trend away from free rent. Demand continued to be sluggish, however, with depressed lease rates and sales prices. Fierce competition for tenants created a trend to upgrade common areas.

1989 FORECAST

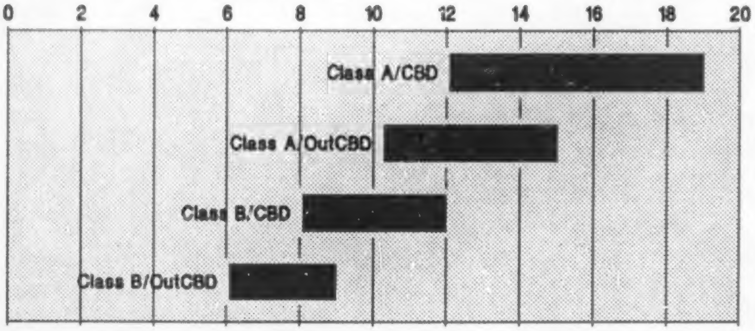
The economy should continue its slow recovery in 1989. Office absorption is expected to increase by six to 10 percent. Due to a large office inventory, low rates, and the soft local economy, there are no plans for speculative office development for 1989.

Overall, construction and rental rates are expected to maintain their 1988 levels in 1989. Associated with the recovery, vacancies and landlord concessions should decrease by approximately six to 10 percent from 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 2,165,600
RANK BY POPULATION: 17
POPULATION GROWTH RATE: 3.87%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $24,085
RANK BY INCOME: 216
COST OF LIVING INDEX: 110.7
RANK BY COST OF LIVING: 17

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: 7,152,941 sq.ft.

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 651,757 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,109,948 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 1.1%
Class B/CBD: n/a.
Class B/OutCBD: 14.3%

SUBLEASE INVENTORY
Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD; n/a
Class A/OutCBD: 676,005 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 243,268 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: 174,894 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 173,145 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 4000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $1.20 per sq.ft.
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Insurance Business Services Sales
Minor Activity:	Legal/Accounting Finance/Banking Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 11-15%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

SAN BERNARDINO/RIVERSIDE: OFFICE

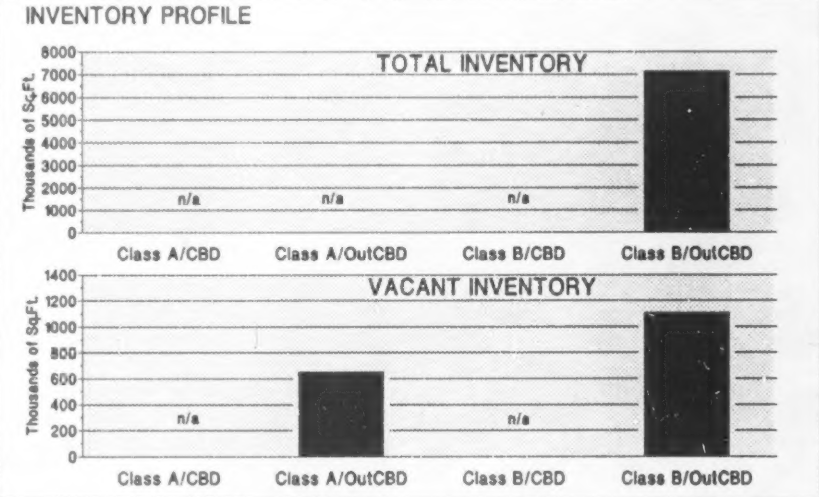
Market Area: San Bernardino and Riverside Counties, Ontario, Cucamonga

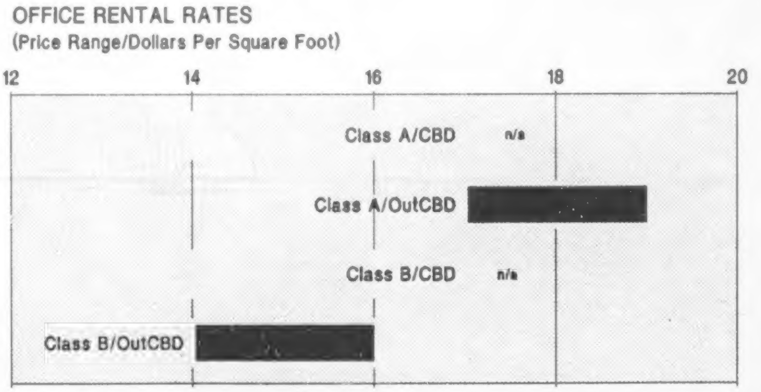
1988 REVIEW

The San Bernardino/Riverside market is one of the growth centers of California, with office users relocating from higher cost Los Angeles and Orange County. In 1988 foreign investment in offices in the market was pronounced. Approximately 350,000 square feet of office space was absorbed in the market in the first three quarters of 1988, evenly divided between CBD and non-CBD locations.

1989 FORECAST

SIOR respondents expect an active office construction market in 1989, with over one million square feet of space constructed. They also expect an increase in absorption, but not enough to prevent addition to the vacant inventory, resulting in higher vacancy rates. Nominal rents will increase one to five percent, but the higher vacancies will lead to more aggressive landlord concessions, offsetting some of the higher rents.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Lease Assumptions
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 11-15%

SAN FRANCISCO: OFFICE

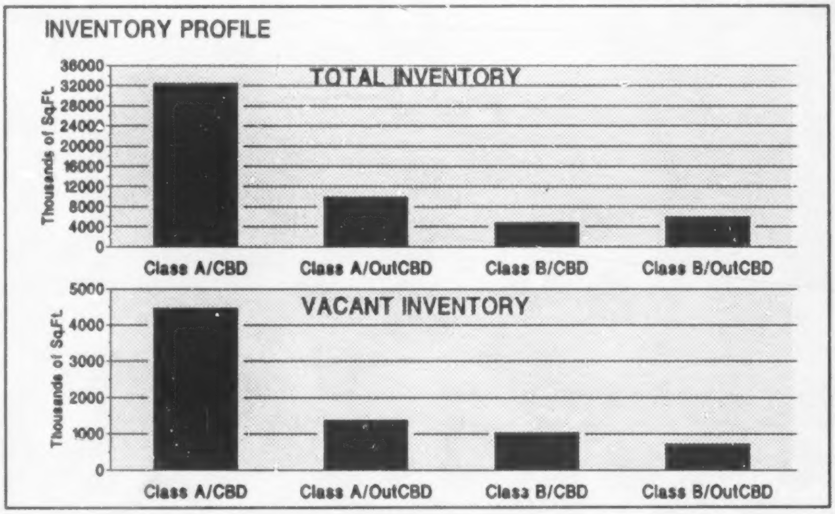
Market Area: San Francisco including San Francisco County (excluding Marin and South San Francisco)

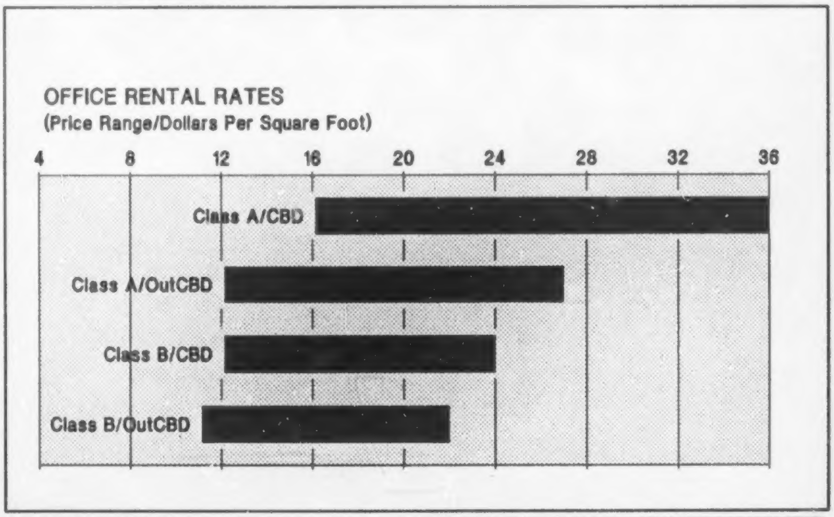
1988 REVIEW

Despite intense competition from other areas of California, San Francisco did not lose its attractive posture in the business community, as both the regional and local economies were strong. Second and third quarters were slow, with an increase in the fourth quarter that brought the total absorption of office space to nearly two million square feet in the metropolitan area. Although few office buildings were for sale, there was strong interest in purchasing office and mixed-use projects in prime locations.

1989 FORECAST

New construction is expected to decrease 45 percent in 1989. Proposition M (which was adopted in 1986), limits growth in the city. Total new construction will be limited to the 474,000 square foot range. Predictions for a stronger market in 1989 indicate that absorption will increase six to 10 percent. Rental rates should increase one to five percent, while landlord concessions and vacancies could decline six to 10 percent.





TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 1,591,100
RANK BY POPULATION: 27
POPULATION GROWTH RATE: 0.18%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $30,892
RANK BY INCOME: 31
COST OF LIVING INDEX: 132.7
RANK BY COST OF LIVING: 4

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 32,448,540 sq.ft.
Class A/OutCBD: 9,870,929 sq.ft.
Class B/CBD: 4,805,561 sq.ft.
Class B/OutCBD: 5,944,271 sq.ft.

VACANT INVENTORY
Class A/CBD: 4,459,065 sq.ft.
Class A/OutCBD: 1,372,433 sq.ft.
Class B/CBD: 1,025,353 sq.ft.
Class B/OutCBD: 717,724 sq.ft.

VACANCY RATES
Class A/CBD: 13.7%
Class A/OutCBD: 13.9%
Class B/CBD: 21.3%
Class B/OutCBD: 12.1%

SUBLEASE INVENTORY
Class A: 1,054,113 sq.ft.
Class B: 186,736 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 1,001,058 sq.ft.
Class A/OutCBD: 1,109,866 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Classes A and B/CBD: 1,206,955 sq.ft.
Classes A and B/OutCBD: 827,752 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $30 per sq.ft.

TYPICAL PARKING RATIO
CBD: No ratio
OutCBD: No ratio

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Computer
Minor Activity: Insurance
Sales
Finance/Banking
Engineering/Architecture

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 45%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

DEMOGRAPHICS

POPULATION: 1,390,400
RANK BY POPULATION: 30
POPULATION GROWTH RATE: 1.36%
UNEMPLOYMENT RATE: 3.3%
MEDIAN HOUSEHOLD INCOME: $39,035
RANK BY INCOME: 5
COST OF LIVING INDEX: 116.8
RANK BY COST OF LIVING: 12

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 3,200,000 sq.ft.
Class A/OutCBD: 1,835,000 sq.ft.
Class B/CBD: 3,842,935 sq.ft.
Class B/OutCBD: 24,682,501 sq.ft.

VACANT INVENTORY
Class A/CBD: 565,120 sq.ft.
Class A/OutCBD: 220,539 sq.ft.
Class B/CBD: 678,662 sq.ft.
Class B/OutCBD: 4,324,375 sq.ft.

VACANCY RATES
Class A/CBD: 17.7%
Class A/OutCBD: 12.0%
Class B/CBD: 17.7%
Class B/OutCBD: 17.5%

SUBLEASE INVENTORY
Class A: 320,000 sq.ft.
Class B: 34,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 532,130 sq.ft.
Class A/OutCBD: 46,772 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 560,000 sq.ft.

NET ABSORPTION
Class A/CBD: 518,000 sq.ft.
Class A/OutCBD: 906,600 sq.ft.
Class B/CBD: 220,000 sq.ft.
Class B/OutCBD: 2,115,400 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $26 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $5.50-$6.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Finance/Banking
Minor Activity:	Business Services Sales Government

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Down 11-15%
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Down 50%

SAN JOSE: OFFICE

Market Area: San Jose and Santa Clara County including Campbell, Cupertino, and Palo Alto

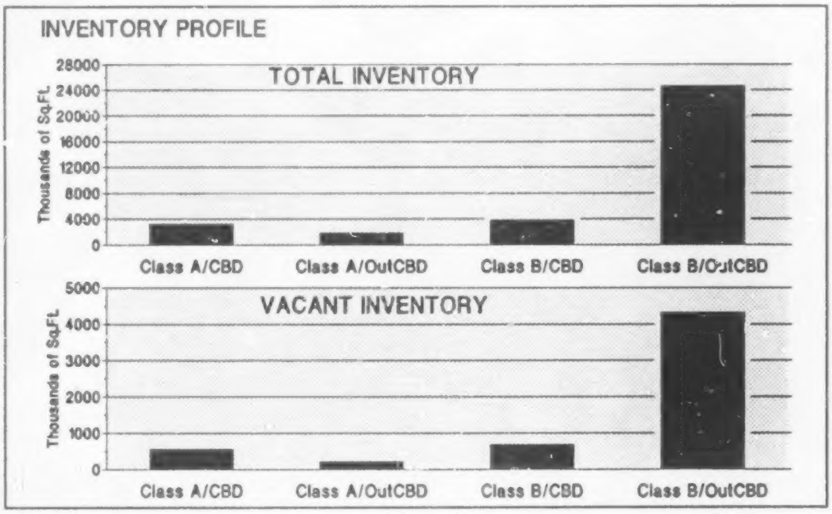
1988 REVIEW

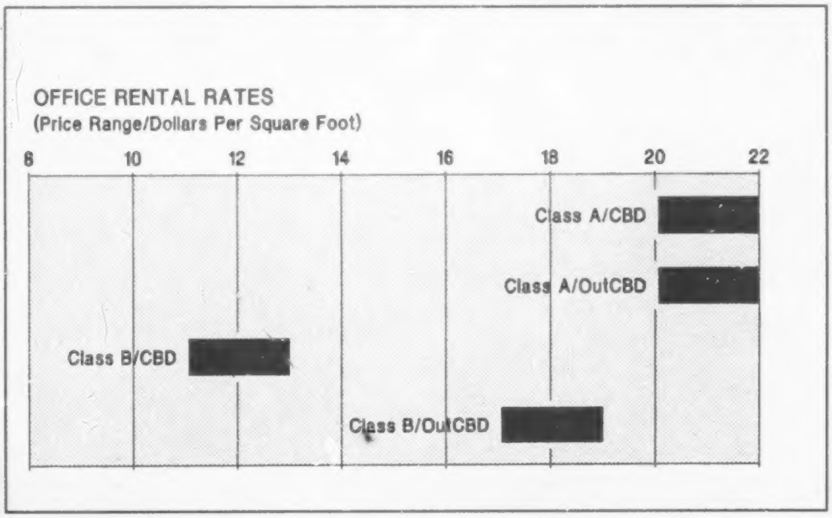
Both the CBD of San Jose and the airport district experienced growth in the number of tenants who were either expanding or relocating into the area. Relocations caused some displacement as Class B space was left vacant when tenants moved into Class A office buildings.

Vacancy rates dropped steadily throughout the year while rental rates trended upward significantly. Rental rates did remain soft when compared to 1986 and 1987.

1989 FORECAST

Several projects are expected to move into the next phase of construction during 1989. The new construction is expected in the central business district as well as in the airport and Santa Clara areas.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,794,200
RANK BY POPULATION: 24
POPULATION GROWTH RATE: 1.11%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $29,856
RANK BY INCOME: 39
COST OF LIVING INDEX: 106.6
RANK BY COST OF LIVING: 19

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 15,000,000 sq.ft.
Class A/OutCBD: 6,700,000 sq.ft.
Class B/CBD: 2,400,000 sq.ft.
Class B/OutCBD: 5,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 2,000,000 sq.ft.
Class A/OutCBD: 1,400,000 sq.ft.
Class B/CBD: 350,000 sq.ft.
Class B/OutCBD: 684,000 sq.ft.

VACANCY RATES
Class A/CBD: 13.3%
Class A/OutCBD: 20.9%
Class B/CBD: 14.6%
Class B/OutCBD: 13.7%

SUBLEASE INVENTORY
Class A: 279,124 sq.ft.
Class B: 42,309 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 3,600,000 sq.ft.
Class A/OutCBD: 1,300,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $20-$25 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $5.50 per sq.ft.
OutCBD: $4.50-$4.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Insurance Finance/Banking Government
Minor Activity:	Business Services Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

SEATTLE: OFFICE

Market Area: Financial District, Pioneer Square, Denny Regrade, Lake Union/Lower Q.A. and Bellevue/Eastside

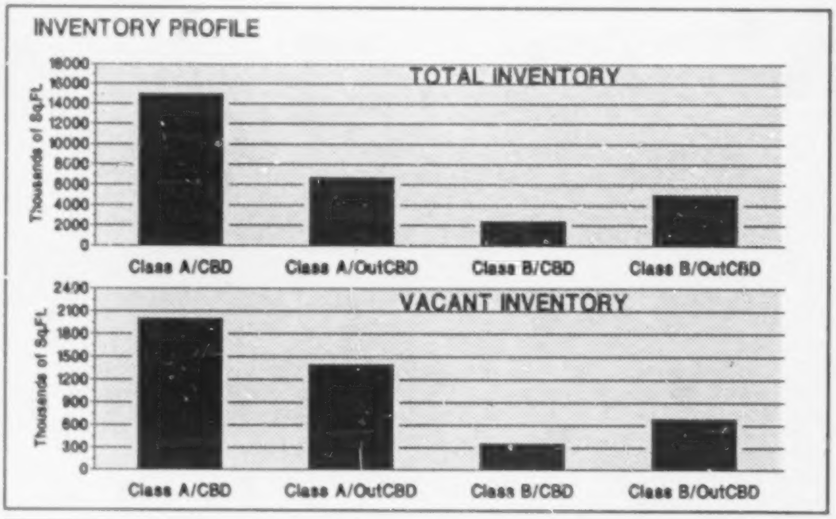
1988 REVIEW

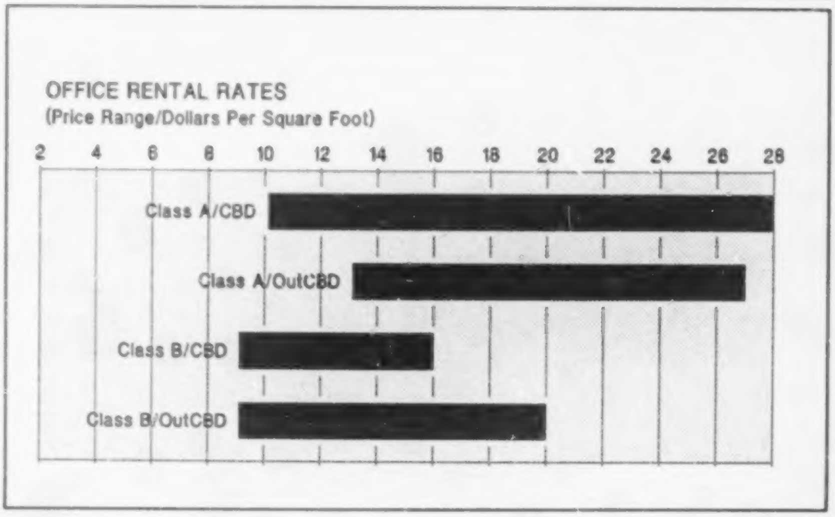
Seattle's growth as a financial center and international trade center spurred record 1988 construction levels in the local economy.

The city experienced high demand in both new Class A highrises and older class A and B buildings by both relocating and expanding firms.

1989 FORECAST

Seattle should experience a slowdown in construction from the record 1988 levels, yet proceed at an above average pace through 1990. Overall, office absorption should increase by six to 10 percent. Construction and rental rates are expected to increase one to five percent, while vacancies and landlord concessions should maintain their 1988 levels.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

SEATTLE-GREATER EASTSIDE: OFFICE

Market Area: Bellevue, Redmond, Kirkland and Bothell

DEMOGRAPHICS

POPULATION: 1,794,200
RANK BY POPULATION: 24
POPULATION GROWTH RATE: 1.11%
UNEMPLOYMENT RATE: 4.3%
MEDIAN HOUSEHOLD INCOME: $29,856
RANK BY INCOME: 39
COST OF LIVING INDEX: 106.6
RANK BY COST OF LIVING: 19

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 3,200,000 sq.ft.
Class A/OutCBD: 4,500,000 sq.ft.
Class B/CBD: 251,000 sq.ft.
Class B/OutCBD: 4,600,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 594,000 sq.ft.
Class A/OutCBD: 1,181,000 sq.ft.
Class B/CBD: 48,200 sq.ft.
Class B/OutCBD: 804,400 sq.ft.

VACANCY RATES
Class A/CBD: 18.6%
Class A/OutCBD: 26.2%
Class B/CBD: 19.2%
Class B/OutCBD: 17.4%

SUBLEASE INVENTORY
Class A: 25,000 sq.ft.
Class B: 180,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 456,000 sq.ft.
Class A/OutCBD: 296,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 92,000 sq.ft.
Class A/OutCBD: 205,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 498,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 2-7/1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Business Services Sales Engineering/Architecture
Minor Activity:	Legal/Accounting Insurance Finance/Banking Government

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 11-15%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

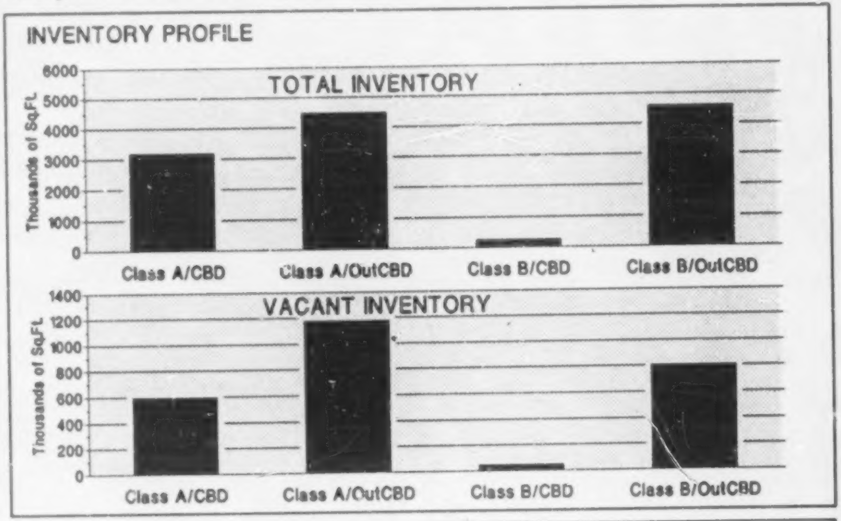
1988 REVIEW

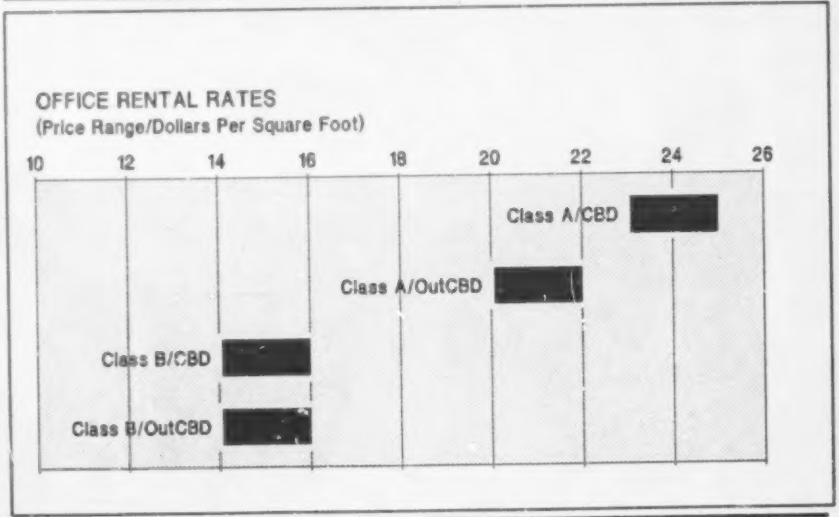
Demand for office space during 1988 was strong, with another year of nearly one million square feet of space absorbed.

Employment growth outpaced the nation during the year, while unemployment was higher than the national average. Several factors provided a boost to the local economy. Boeing experienced their best year in 1988 and growth is expected to continue through 1995. The boost in exports due to the lower value of the dollar increased shipments through the port. The increase in exports caused lumber production and the computer software industry to grow also.

1989 FORECAST

Speculative development in 1989 will be down significantly due to the moratorium on new construction. The decrease is expected to fall 11-15 percent below the 1988 level. In addition, there will continue to be a lack of well located land available for development. Consumer groups are gaining strength and forcing caps on growth. This is expected to raise rents and bring foreign investors into the local market.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 116,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.00%
UNEMPLOYMENT RATE: 4.1%
MEDIAN HOUSEHOLD INCOME: $23,714
RANK BY INCOME: 223
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,250,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 300,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 62,000 sq.ft.
Class A/OutCBD: 15,000 sq.ft.
Class B/CBD: 180,000 sq.ft.
Class B/OutCBD: 20,000 sq.ft.

VACANCY RATES
Class A/CBD: 5.0%
Class A/OutCBD: 5.0%
Class B/CBD: 30.0%
Class B/OutCBD: 6.7%

SUBLEASE INVENTORY
Class A: 10,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 20,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 10,000 sq.ft.
Class A/OutCBD: 5,000 sq.ft.
Class B/CBD: 10,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $6 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Stop: First year costs

LEASING ACTIVITY PROFILE
Major Activity: Engineering/Architecture
Government
Energy
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

SIOUX CITY: OFFICE

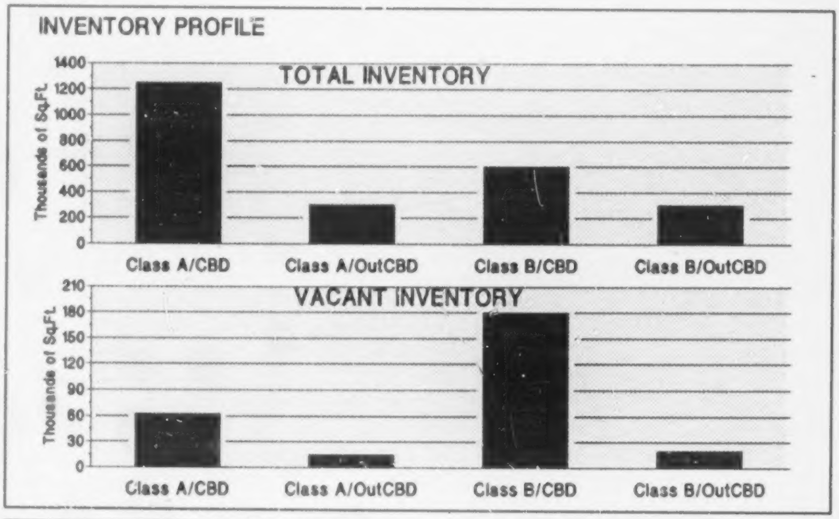
Market Area: Sioux City Metropolitan Area

1988 REVIEW

Sioux City experienced a slow but steady upward movement in the local economy. Demand for office space had been weak in the past few years, but user relocation and expansion finally occurred after several slow years.

1989 FORECAST

Increased economic activity should provide stronger demand during 1989. Limited suburban new construction is expected to remain the same during 1989. With little new building and improved economic conditions, absorption is expected to increase slightly. This will improve the vacancy situation. The outlook is for a slight one to five percent decrease in vacancies, with rental rates remaining the same.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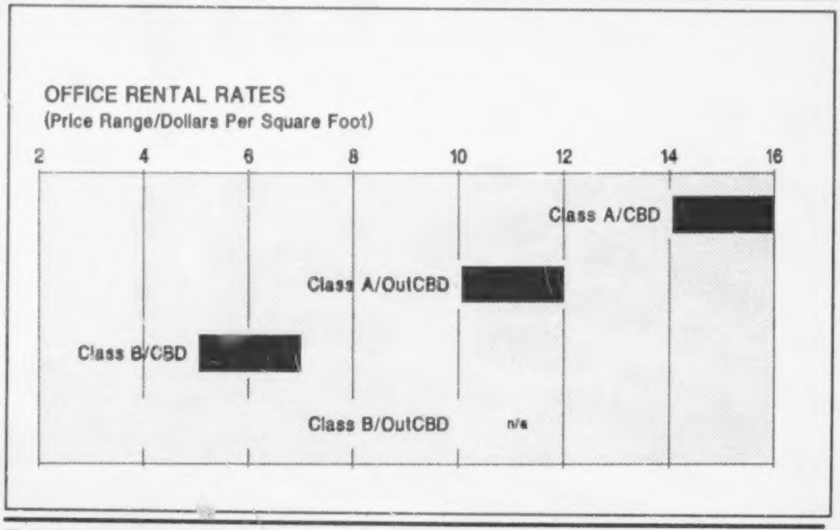

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Parking
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

SOUTH BEND: OFFICE

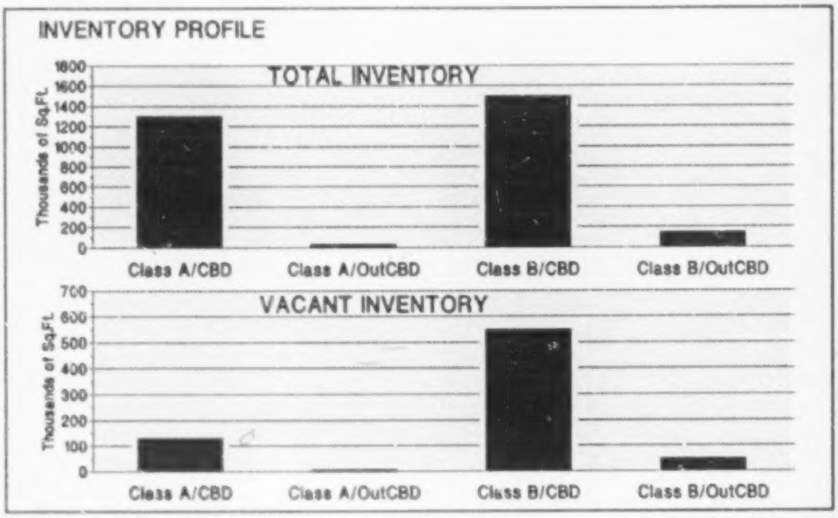
Market Area: South Bend, Elkhart, Goshen, Granger, Middleberry, Mishawaka, and Osceola

1988 REVIEW

A steady economic climate prevailed during 1988 and that maintained the office leasing market. Activity was primarily tenants moving up into different space. Part of the absorption however, was due to the expansion of local companies.

1989 FORECAST

SIOR respondents expect a better year in 1989. New construction of office buildings will increase six to 10 percent. Rental rates and absorption are expected to increase one to five percent during this period. Moderate increases in vacancies are anticipated which will influence landlord concessions and they will also increase a like amount.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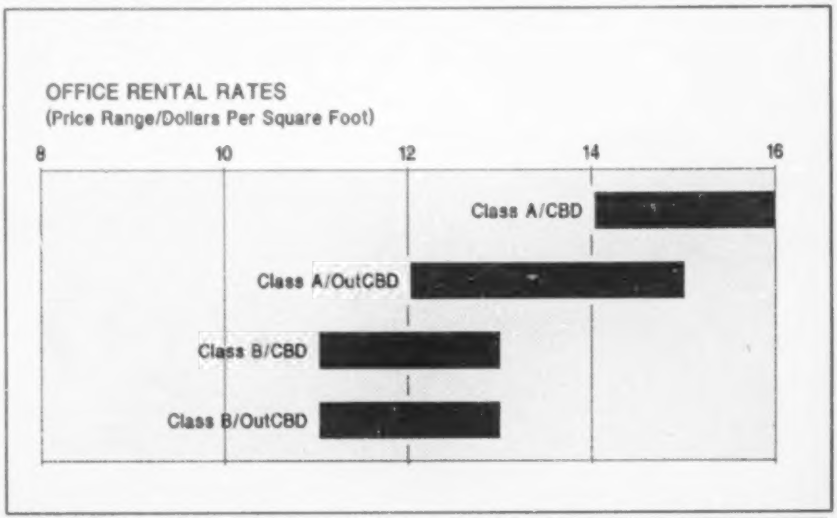

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
- Parking
- Rental Abatement
- Lease Assumptions
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 283,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: 0.00%
UNEMPLOYMENT RATE: 5.8%
MEDIAN HOUSEHOLD INCOME: $27,096
RANK BY INCOME: 116
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,300,000 sq.ft.
Class A/OutCBD: 30,000 sq.ft.
Class B/CBD: 1,500,000 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 130,000 sq.ft.
Class A/OutCBD: 5,000 sq.ft.
Class B/CBD: 550,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

VACANCY RATES
Class A/CBD: 10.0%
Class A/OutCBD: 16.7%
Class B/CBD: 36.7%
Class B/OutCBD: 33.3%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 20,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 3 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base and Stop: $4.00 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

SPRINGFIELD, MA: OFFICE

Market Area: Springfield Metropolitan Area and East Longmeadow

1988 REVIEW

The economy of the area remained strong as it continued to move from manufacturing to the service industries. During 1988 the unemployment level was low at approximately three percent. The demand for office space was modest due mainly to the growth of local companies.

In this otherwise moderate market there was an increasing demand for condominium office space. The strength came from both typical and medical office users.

1989 FORECAST

Although the SIOR respondent expects construction to increase six to 10 percent, no major speculative development is contemplated for the market area.

DEMOGRAPHICS

POPULATION: 592,000
RANK BY POPULATION: 79
POPULATION GROWTH RATE: 1.24%
UNEMPLOYMENT RATE: 3.1%
MEDIAN HOUSEHOLD INCOME: $26,173
RANK BY INCOME: 138
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,200,000 sq.ft.
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: 1,000,000 sq.ft.
Class B/OutCBD: 400,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 175,000 sq.ft.
Class B/CBD: 400,000 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

VACANCY RATES
Class A/CBD: 8.3%
Class A/OutCBD: 35.0%
Class B/CBD: 40.0%
Class B/OutCBD: 37.5%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION
Class A/CBD: 30,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 80,000 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 400 sq.ft.

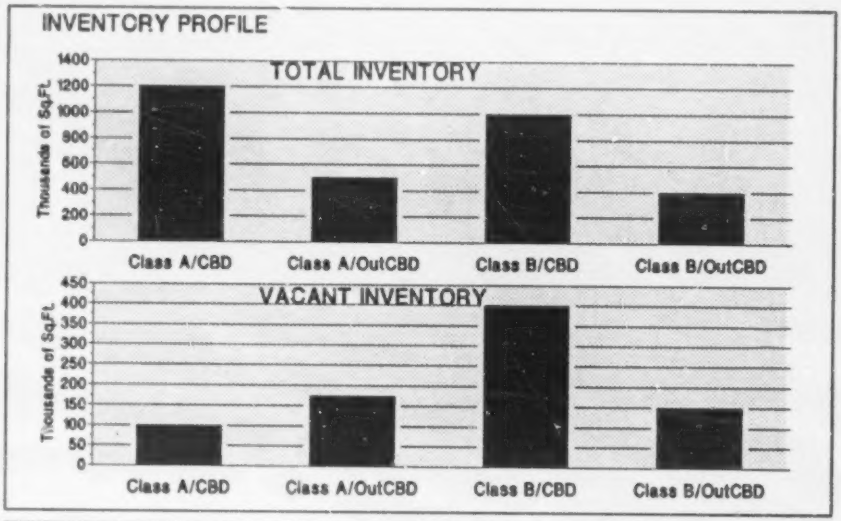
AVERAGE UTILITY RATES
CBD: $1.50-$2.00 per sq.ft.
OutCBD: $1.50-$2.00 per sq.ft.
Space for lease is typically not separately metered.

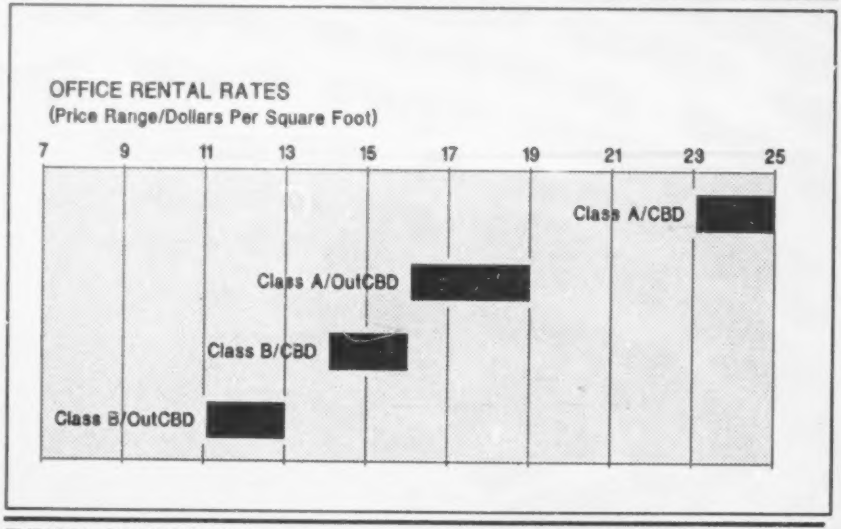
OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Business Services
Insurance
Finance/Banking
Minor Activity: Sales
Engineering/Architecture
Government

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Rental Abatement
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: n/a

DEMOGRAPHICS

POPULATION: 2,454,000
RANK BY POPULATION: 11
POPULATION GROWTH RATE: 0.22%
UNEMPLOYMENT RATE: 6.0%
MEDIAN HOUSEHOLD INCOME: $29,330
RANK BY INCOME: 49
COST OF LIVING INDEX: 97.7
RANK BY COST OF LIVING: 52

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 8,982,988 sq.ft.
Class A/OutCBD: 14,074,000 sq.ft.
Class B/CBD: 3,280,695 sq.ft.
Class B/OutCBD: 5,705,690 sq.ft.

VACANT INVENTORY
Class A/CBD: 1,695,000 sq.ft.
Class A/OutCBD: 1,700,000 sq.ft.
Class B/CBD: 545,000 sq.ft.
Class B/OutCBD: 950,000 sq.ft.

VACANCY RATES
Class A/CBD: 18.9%
Class A/OutCBD: 12.1%
Class B/CBD: 16.6%
Class B/OutCBD: 16.7%

SUBLEASE INVENTORY
Class A: 73,000 sq.ft.
Class B: 88,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 1,000,000 sq.ft.
Class A/OutCBD: 1,600,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 240,000 sq.ft.
Class A/OutCBD: 340,000 sq.ft.
Class B/CBD: (40,000) sq.ft.
Class B/OutCBD: 225,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $5.25 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

ST. LOUIS: OFFICE

Market Area: St. Louis Metropolitan Area

1988 REVIEW

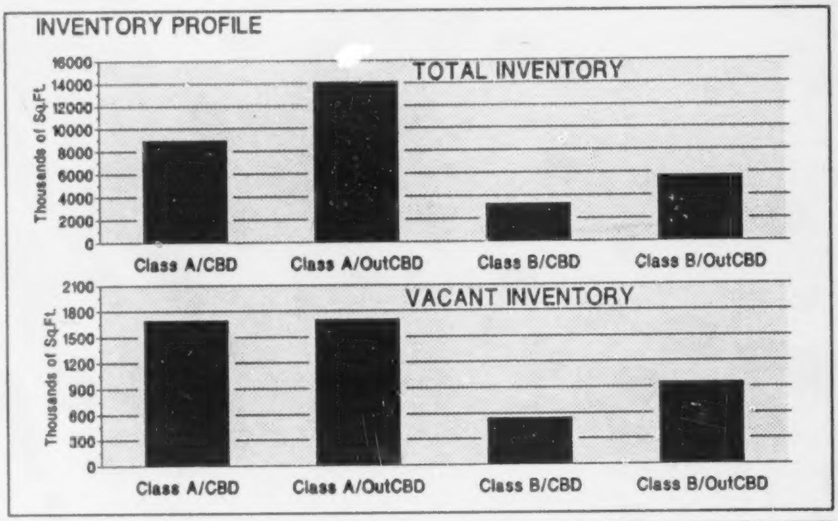
The St. Louis economy was stable in 1988 with overall moderate growth. The local office market was softer than the previous year. In general, it was a tenant's market. There was an increase in sub-lease space, due to mergers and acquisitions. Also, the market saw a shift from pure office to high tech space.

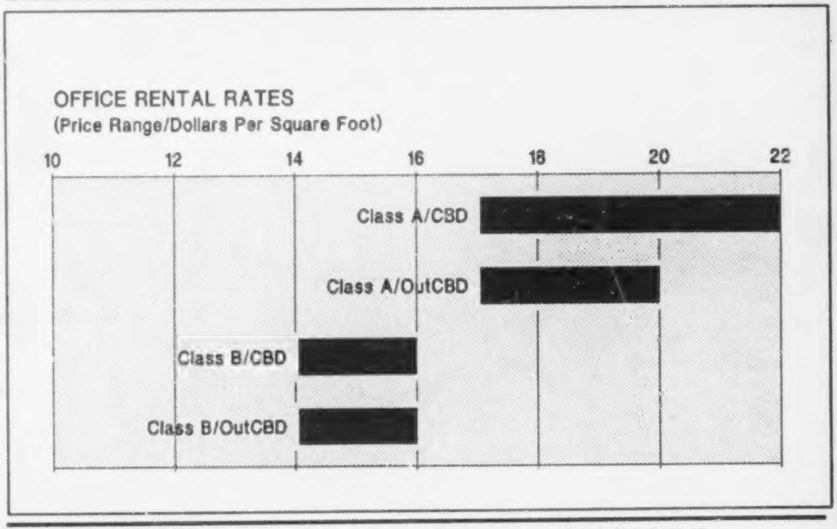
Vacancies maintained an average 16 percent level. Construction outpaced absorption.

1989 FORECAST

In 1989, new office expansions should slow down. No new construction is projected for the downtown area. Approximately 273,000 square feet are planned for the Clayton area and another 650,000 square feet is scheduled for the West County area.

Absorption, rental rates and landlord concession should maintain their 1988 levels going into 1989. Vacancies may increase by as much as six to 10 percent and construction is expected to decrease by one to five percent.





TYPICAL CONCESSIONS:
Rental Abatement
Parking
Moving Allowance
Additional Interior Improvements
Lease Assumptions

RENTAL RATE DISCOUNT FACTOR: 14-18%

DEMOGRAPHICS

POPULATION: n/a
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: n/a
UNEMPLOYMENT RATE: 2.1%
MEDIAN HOUSEHOLD INCOME: n/a
RANK BY INCOME: n/a
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 14,732,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 2,615,000 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 3,805,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 568,000 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 25.8%
Class A/OutCBD: n/a
Class B/CBD: 21.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 750,000 sq.ft.
Class B: 120,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 850,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: (20,000) sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on quantity of materials and dollars per square foot. Approximate dollar value: $22 per sq.ft.

TYPICAL PARKING RATIO
CBD: 3 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: $2.25 per sq.ft.
OutCBD: n/a

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Minor Activity: Legal/Accounting
  Business Services
  Sales
  Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 50%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

STAMFORD/NORWALK: OFFICE

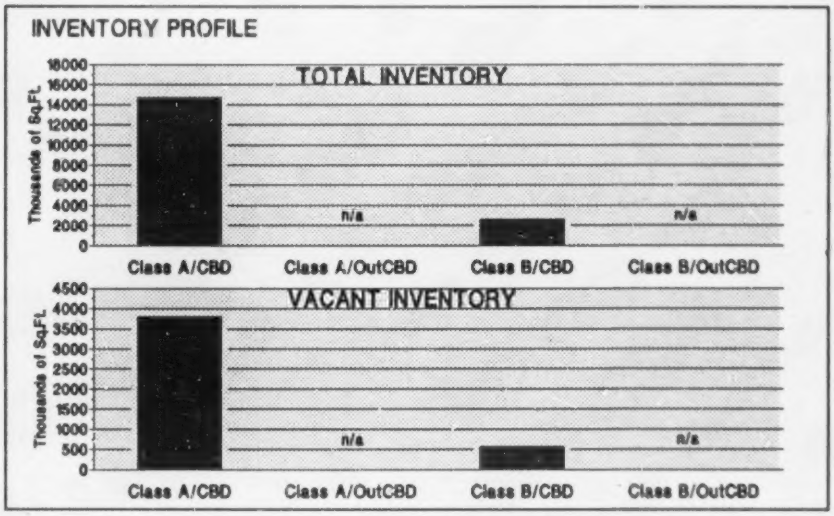
Market Area: Norwalk and Stamford

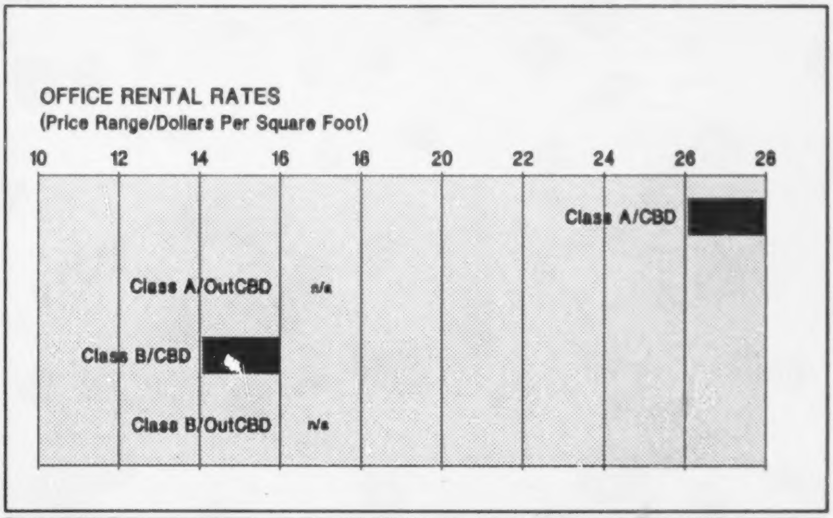
1988 REVIEW

Stamford's economy remained strong in 1988 creating a demand for office space. However, this portion of the larger metropolitan area saw a diminution of its place, as congestion and rising prices made other sections of Fairfield County more attractive. The office market did maintain strength enough to improve absorption of vacant space compared to 1987 levels

1989 FORECAST

Under current conditions in the office market, new construction will slow to minimal levels during 1989. It is estimated that new construction will decrease 50 percent. The outlook for leasing activity and square foot rental rates is for them to remain at 1988 levels during the next year.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 649,600
RANK BY POPULATION: 70
POPULATION GROWTH RATE: 0.23%
UNEMPLOYMENT RATE: 4.8%
MEDIAN HOUSEHOLD INCOME: $28,206
RANK BY INCOME: 71
COST OF LIVING INDEX: 94.6
RANK BY COST OF LIVING: 66

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,400,000 sq.ft.
Class A/OutCBD: 1,750,000 sq.ft.
Class B/CBD: 1,500,000 sq.ft.
Class B/OutCBD: 1,500,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 200,000 sq.ft.
Class A/OutCBD: 220,000 sq.ft.
Class B/CBD: 450,000 sq.ft.
Class B/OutCBD: 230,000 sq.ft.

VACANCY RATES

Class A/CBD: 8.3%
Class A/OutCBD: 12.6%
Class B/CBD: 30.0%
Class B/OutCBD: 15.3%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 140,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 50,000 sq.ft.
Class A/OutCBD: 120,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot and quantity of materials.
Approximate dollar value:
$14 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity:	Insurance
Minor Activity:	Legal/Accounting Business Services Sales Engineering/Architecture Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

SYRACUSE: OFFICE

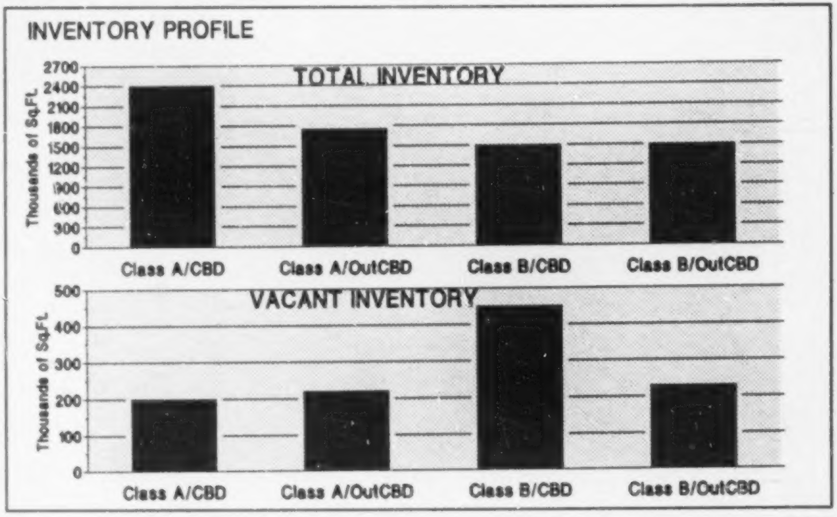
Market Area: Syracuse and Onondaga County

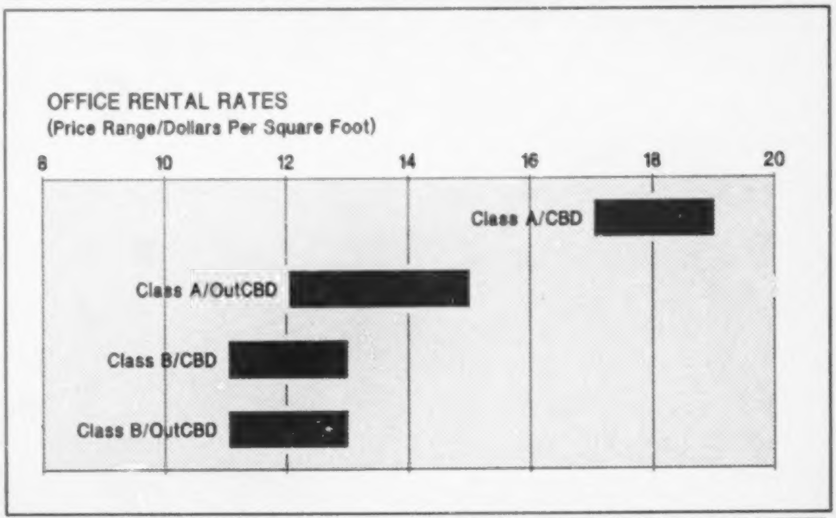
1988 REVIEW

Market demand for new office space was strong in 1988 as Syracuse continued to experience strong and steady economic growth. The area had a labor pool available and "back office" opportunities which made it possible to support continued favorable economic activity. New Class A space proved to be more attractive and desirable than slightly less expensive older space in the Class A category. There was a surplus of Class B or renovated office space. Major tenants looked for equity positions in their negotiations for space.

1989 FORECAST

New construction is occurring in both the CBD and in the suburbs in response to the active market for new space. The outlook for 1989 is an increase in construction of 11 to 15 percent. Due to its location and proximity to excellent highway facilities, the Syracuse area has been able to move into a service-oriented economy. This will balance any losses in manufacturing it may experience. Syracuse is not attracting foreign investors at this time. Condominium ownership of office space is limited to tenants in medical office buildings.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 0-5%

TAMPA: OFFICE

Market Area: Tampa Metropolitan Area

1988 REVIEW

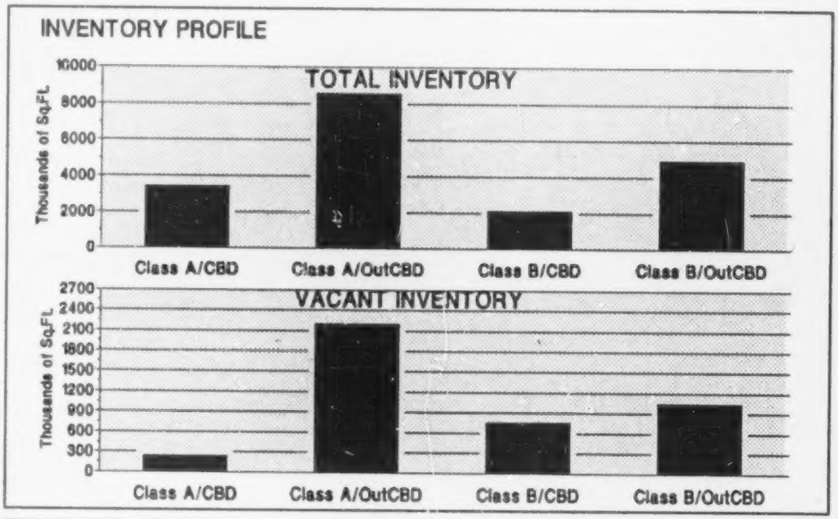
Absorption of office space during 1988 was slightly higher than the 1987 rate. The leasing market remained strong throughout the year. Many firms moved into the Tampa area and tourism remained strong. This provided the base for a high level of economic activity.

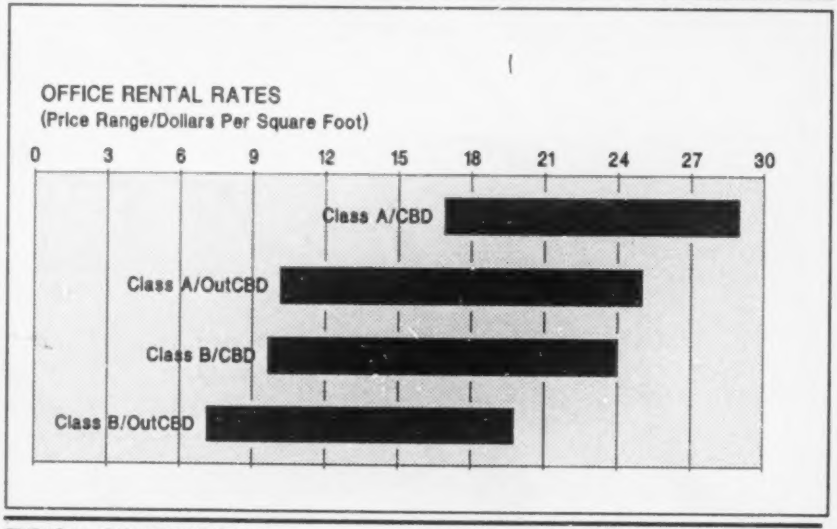
Several firms expanded and increased their space needs. One tenant moved from the central business district into a 200,000 square foot user building along the Interstate 75 corridor.

1989 FORECAST

Movement out of the CBD will not be a trend for 1989. The market is expected to remain strong through 1989 with continued expansions and relocations in the market.

Construction deliveries are expected to slow to less than one-half of 1988 levels





TYPICAL CONCESSIONS:
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,960,000
RANK BY POPULATION: 21
POPULATION GROWTH RATE: 1.57%
UNEMPLOYMENT RATE: 5.2%
MEDIAN HOUSEHOLD INCOME: $23,236
RANK BY INCOME: 238
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 3,426,740 sq.ft.
Class A/OutCBD: 8,559,246 sq.ft.
Class B/CBD: 2,125,041 sq.ft.
Class B/OutCBD: 4,961,789 sq.ft.

VACANT INVENTORY
Class A/CBD: 245,642 sq.ft.
Class A/OutCBD: 2,201,543 sq.ft.
Class B/CBD: 761,678 sq.ft.
Class B/OutCBD: 1,045,885 sq.ft.

VACANCY RATES
Class A/CBD: 7.2%
Class A/OutCBD: 25.7%
Class B/CBD: 35.8%
Class B/OutCBD: 21.1%

SUBLEASE INVENTORY
Class A: 70,290 sq.ft.
Class B: 25,476 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 402,183 sq.ft.
Class A/OutCBD: 559,732 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 82,448 sq.ft.

NET ABSORPTION
Class A/CBD: 653,231 sq.ft.
Class A/OutCBD: 933,627 sq.ft.
Class B/CBD: (381,143) sq.ft.
Class B/OutCBD: (98,271) sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 4 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES -
CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year and Stop:
$3.50-$5.25 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Sales
Finance/Banking
Engineering/Architecture
Minor Activity: Business Services

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 172,000
RANK BY POPULATION: n/a
POPULATION GROWTH RATE: -0.30%
UNEMPLOYMENT RATE: 6.2%
MEDIAN HOUSEHOLD INCOME: $22,189
RANK BY INCOME: 268
COST OF LIVING INDEX: n/a
RANK BY COST OF LIVING: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 60,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 15,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 32,000 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 25.0%
Class A/OutCBD: 60.0%
Class B/CBD: 21.3%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 15,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 8,000 sq.ft.
Class A/OutCBD: 20,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 500 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Business Services
Sales
Minor Activity: Legal/Accounting
Insurance
Finance/Banking
Government

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Down 11-15%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

TERRE HAUTE: OFFICE

Market Area: Terre Haute Metropolitan Area

1988 REVIEW

The office market in Terre Haute was generally comprised of small, professional offices in small buildings. Just over 300,000 total square feet of competitive office space existed within the market. In 1988, 28,000 square feet was absorbed.

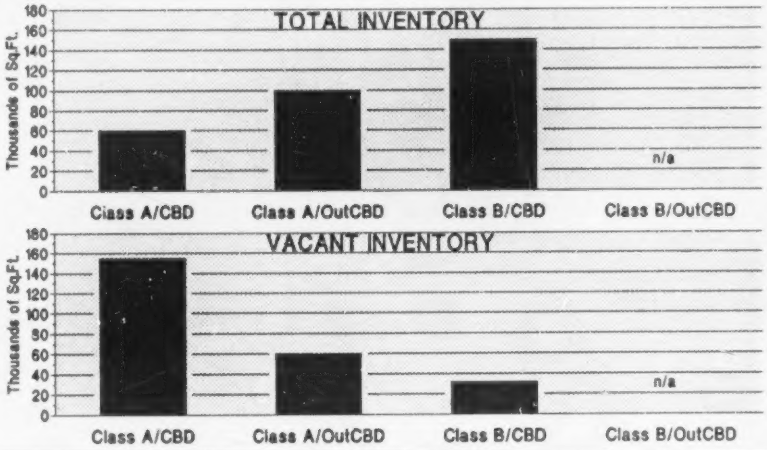
The market remained somewhat overbuilt, with vacancy rates ranging form 21.3 percent for Class B space to 60 percent for Class A space outside the downtown area.

Typical of smaller communities, rents were fairly reasonable, with Class A space downtown typically renting for $17 - 19 per square foot, while Class B space was usually $8 - 10 per square foot regardless of location.

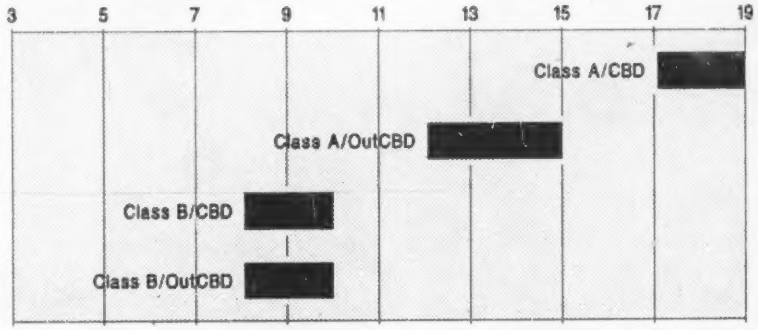
1989 FORECAST

SIOR respondents expect 1989 to produce a lower level of absorption and construction, along with higher vacancies. While these conditions will not cause declines in the quoted rents, they will probably result in landlords offering inducements/concessions to help the leasing prospects of their buildings.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 619,600
RANK BY POPULATION: 73
POPULATION GROWTH RATE: 0.75%
UNEMPLOYMENT RATE: 5.2%
MEDIAN HOUSEHOLD INCOME: $26,870
RANK BY INCOME: 125
COST OF LIVING INDEX: 104.3
RANK BY COST OF LIVING: 27

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,526,450 sq.ft.
Class A/OutCBD: 1,089,220 sq.ft.
Class B/CBD: 987,880 sq.ft.
Class B/OutCBD: 2,178,440 sq.ft.

VACANT INVENTORY
Class A/CBD: 65,100 sq.ft.
Class A/OutCBD: 130,706 sq.ft.
Class B/CBD: 242,213 sq.ft.
Class B/OutCBD: 348,550 sq.ft.

VACANCY RATES
Class A/CBD: 4.3%
Class A/OutCBD: 12.0%
Class B/CBD: 24.5%
Class B/OutCBD: 16.0%

SUBLEASE INVENTORY
Class A: 15,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 220,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: 0 Negative sq.ft.
Class A/OutCBD: 65,000 sq.ft.
Class B/CBD: 0 Negative sq.ft.
Class B/OutCBD: 15,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $17 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE
Major Activity: Legal/Accounting
Insurance
Engineering/Architecture
Minor Activity: Business Services
Sales
Finance/Banking

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

TOLEDO: OFFICE

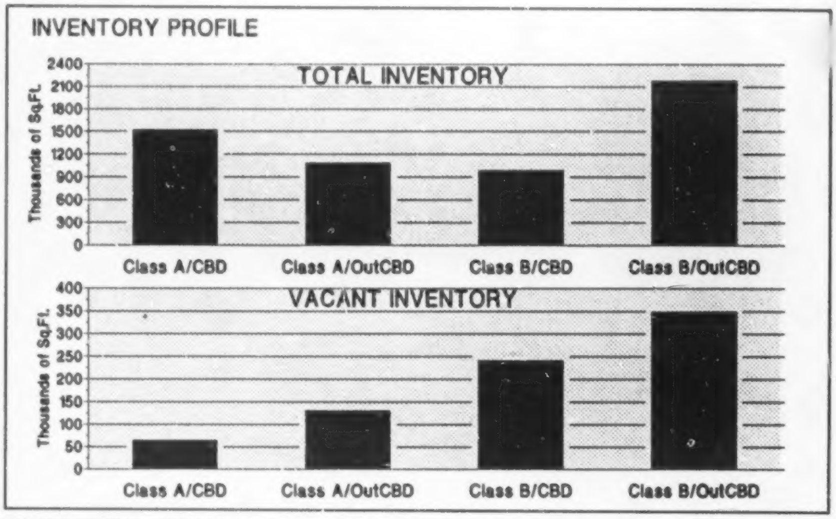
Market Area: Toledo Metropolitan Area

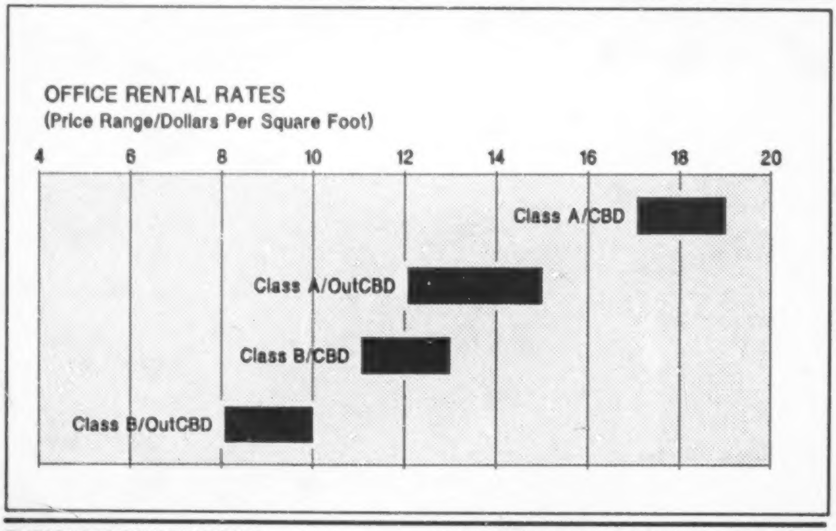
1988 REVIEW

Major corporations have reduced their staff in the Toledo area causing the overall demand for office space to be soft. Mergers have also played a role in the office employment figures which also reduced demand for space. There is not a great deal of speculative Class A office space available in the Toledo market. However, the vacancy factor for restored buildings is very high, almost 25 percent in the central business district.

1989 FORECAST

A 220,00 square foot building is currently under construction in the central city, with 60,000 square feet coming on line in the suburbs. The market outlook is for another year essentially the same as 1988. Since absorption has been negative, it appears 1989 will be a challenge for those brokers who handle the leasing of office space.





TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

TUCSON: OFFICE

Market Area: Tucson Metropolitan Area

DEMOGRAPHICS

POPULATION: 622,400
RANK BY POPULATION: 72
POPULATION GROWTH RATE: 1.43%
UNEMPLOYMENT RATE: 5.4%
MEDIAN HOUSEHOLD INCOME: $25,713
RANK BY INCOME: 160
COST OF LIVING INDEX: 102.1
RANK BY COST OF LIVING: 36

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 710,969 sq.ft.
Class A/OutCBD: 3,852,879 sq.ft.
Class B/CBD: 371,092 sq.ft.
Class B/OutCBD: 913,191 sq.ft.

VACANT INVENTORY

Class A/CBD: 145,913 sq.ft.
Class A/OutCBD: 850,117 sq.ft.
Class B/CBD: 44,087 sq.ft.
Class B/OutCBD: 307,683 sq.ft.

VACANCY RATES

Class A/CBD: 20.5%
Class A/OutCBD: 22.1%
Class B/CBD: 11.9%
Class B/OutCBD: 33.7%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 71,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 32,000 sq.ft.

NET ABSORPTION

Class A/CBD: 14,916 sq.ft.
Class A/OutCBD: 322,097 sq.ft.
Class B/CBD: 3,712 sq.ft.
Class B/OutCBD: (18,135) sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

LEASING ACTIVITY PROFILE

Major Activity: Insurance
Minor Activity: Legal/Accounting
Business Services
Government

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

1988 REVIEW

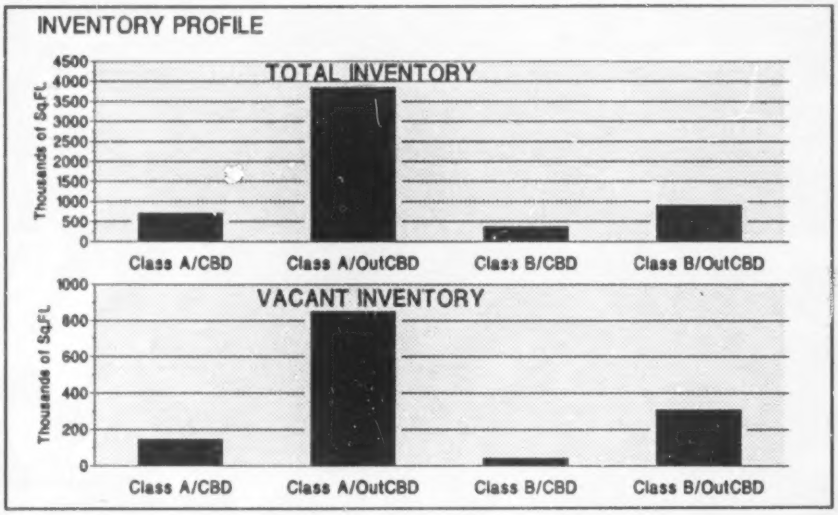
Economic growth slowed in the Tucson area before the pace of office construction took notice. Accordingly, the office market in Tucson was overbuilt, with Class A vacancies in the CBD of 20.5 percent. Vacancies ranged from 11.9 percent for Class B/CBD space to 33.7 percent for Class B space outside the CBD.

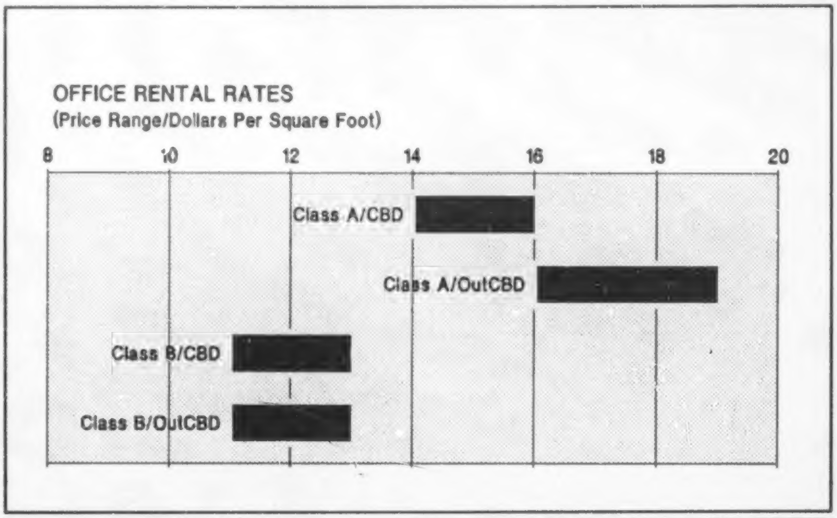
Class A lease rates outside the CBD were higher than Class A, CBD rates. While downtown Class A space averaged $14 - 16 per square foot, Class A space outside the downtown area was generally $16 - 19 per square foot.

1989 FORECAST

SIOR respondents are optimistic about 1989, looking for an 11 to 15 percent increase in absorption, coupled with a modest increase in construction from 1988's low base. These two developments will combine to reduce the overall levels of vacant offices.

Along with reduced choices for prospective tenants, will be market prices which will assist landlords in making a profit, with rents increasing one to five percent, while rental concessions decline.





TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

TULSA: OFFICE

Market Area: Tulsa Metropolitan Area

DEMOGRAPHICS

POPULATION: 735,100
RANK BY POPULATION: 65
POPULATION GROWTH RATE: 0.31%
UNEMPLOYMENT RATE: 6.1%
MEDIAN HOUSEHOLD INCOME: $25,151
RANK BY INCOME: 181
COST OF LIVING INDEX: 100.2
RANK BY COST OF LIVING: 41

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,346,464 sq.ft.
Class A/OutCBD: 2,264,822 sq.ft.
Class B/CBD: 1,507,482 sq.ft.
Class B/OutCBD: 5,081,166 sq.ft.

VACANT INVENTORY

Class A/CBD: 744,753 sq.ft.
Class A/OutCBD: 671,630 sq.ft.
Class B/CBD: 403,193 sq.ft.
Class B/OutCBD: 1,180,296 sq.ft.

VACANCY RATES

Class A/CBD: 22.3%
Class A/OutCBD: 29.7%
Class B/CBD: 26.7%
Class B/OutCBD: 23.2%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 109,714 sq.ft.
Class A/OutCBD: 280,364 sq.ft.
Class B/CBD: 39,081 sq.ft.
Class B/OutCBD: (90,913) sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 275-300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.30 per sq.ft.
OutCBD: $1.30 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year and Stop

LEASING ACTIVITY PROFILE

Minor Activity: Legal/Accounting
Insurance
Business Services
Sales
Government

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

1988 REVIEW

In 1988, the Tulsa economy reached the end of an oil based economy slump. The economy became more diversified than before.

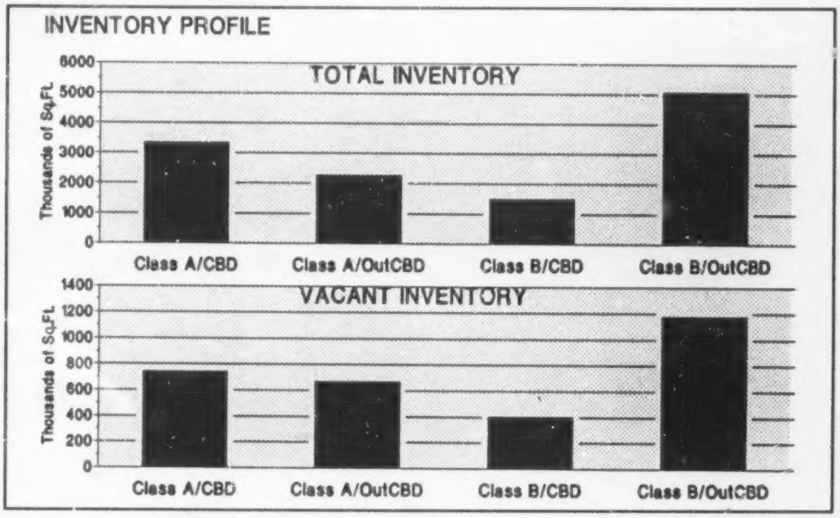
Overall demand for office space was flat with no new absorption. The market showed favorable conditions when tenants upgraded from Class C to Class A or B space.

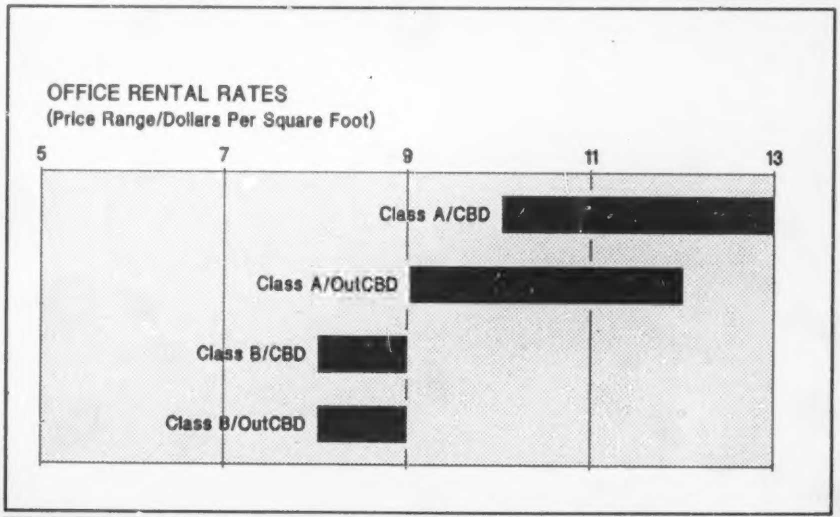
Most leasing activity centered around the relocation of existing tenants. Occupancies continued to decrease because firms left the city. Several foreclosures resulted in increased institutional ownership.

1989 FORECAST

The Tulsa economy should be a little more diversified in 1989 than in previous years. However, SIOR respondents anticipate no new speculative office development next year.

In general, absorption should increase approximately one to five percent in 1989. Construction and rental rates are expected to maintain 1988 levels. Also, vacancies and landlord concessions should decrease one to five percent.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

WASHINGTON D.C. METROPOLITAN AREA: OFFICE

Market Area: Suburban Maryland, Northern Virginia, and the District of Columbia Metropolitan Area

1988 REVIEW

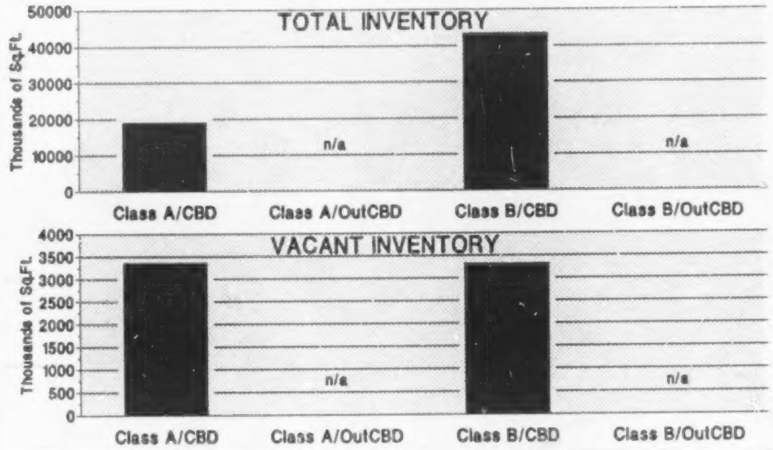
Despite some cooling in 1988, the Washington metropolitan area continued to have one of the most active office markets in the nation. Development was strong in the central city area of the District of Columbia, with nearly eight million square feet built. Although exact figures for the suburban area were not available, SIOR respondents indicate that development activity was just as strong in the suburbs.

Speculative development contributed to a central city vacancy rate of 17.6 percent. The suburban vacancy rate is estimated to be somewhat higher.

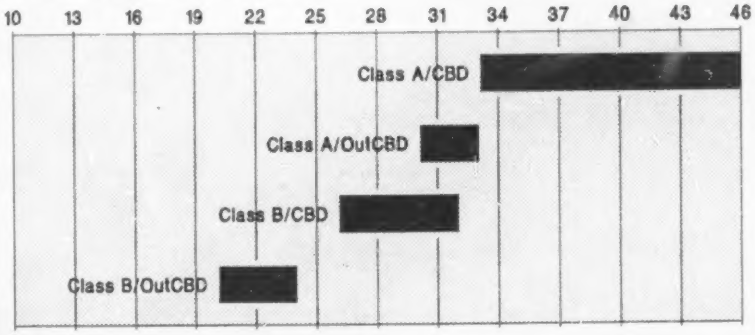
1989 FORECAST

SIOR respondents expect another year for strong construction and absorption for the area. Absorption will probably remain at the 1988 level, while construction is expected to increase. Rental rates are anticipated to rise by six to 10 percent. However, an increase in landlord concessions beyond the current discount of 11 to 15 percent, will cause effective rental rates to decrease.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 3,674,800
RANK BY POPULATION: 7
POPULATION GROWTH RATE: 1.97%
UNEMPLOYMENT RATE: 2.8%
MEDIAN HOUSEHOLD INCOME: $39,865
RANK BY INCOME: 4
COST OF LIVING INDEX: 133.2
RANK BY COST OF LIVING: 3

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 19,042,815 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 43,408,804 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 3,359,048 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 3,324,795 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES
Class A/CBD: 17.6%
Class A/OutCBD: n/a
Class B/CBD: 7.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: 516,739 sq.ft.
Class B: 700,736 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: 7,708,886 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 384,000 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES
CBD: $2.00-2.50 per sq.ft.
OutCBD: $2.00-2.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $8.50-$9.50 per sq.ft.

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Sales Finance/Banking Government
Minor Activity:	Insurance Business Services Engineering/Architecture

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Down 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

DEMOGRAPHICS

POPULATION: 791,300
RANK BY POPULATION: 63
POPULATION GROWTH RATE: 2.62%
UNEMPLOYMENT RATE: 4.7%
MEDIAN HOUSEHOLD INCOME: $26,577
RANK BY INCOME: 124
COST OF LIVING INDEX: 112.3
RANK BY COST OF LIVING: 15

MARKET DATA

TOTAL INVENTORY
- Class A/CBD: 1,100,000 sq.ft.
- Class A/OutCBD: 1,800,000 sq.ft.
- Class B/CBD: 1,100,000 sq.ft.
- Class B/OutCBD: 3,500,000 sq.ft.

VACANT INVENTORY
- Class A/CBD: 435,000 sq.ft.
- Class A/OutCBD: 215,000 sq.ft.
- Class B/CBD: 300,000 sq.ft.
- Class B/OutCBD: 690,000 sq.ft.

VACANCY RATES
- Class A/CBD: 40.0%
- Class A/OutCBD: 11.9%
- Class B/CBD: 27.3%
- Class B/OutCBD: 19.7%

SUBLEASE INVENTORY
- Class A: 80,000 sq.ft.
- Class B: 120,000 sq.ft.

CURRENT CONSTRUCTION
- Class A/CBD: 0 sq.ft.
- Class A/OutCBD: 380,000 sq.ft.
- Class B/CBD: 50,000 sq.ft.
- Class B/OutCBD: 375,000 sq.ft.

NET ABSORPTION
- Class A/CBD: 145,000 sq.ft.
- Class A/OutCBD: 200,000 sq.ft.
- Class B/CBD: 30,000 sq.ft.
- Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER
Typically based on the quantity of materials. Approximate dollar value: $18 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 500 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.75 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Base year

LEASING ACTIVITY PROFILE

Major Activity:	Legal/Accounting Finance/Banking Engineering/Architecture Government
Minor Activity:	Business Services Sales

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 1-5%

WEST PALM BEACH: OFFICE

Market Area: West Palm Beach, Clearlake Corridor, Palm Beach Lakes Boulevard, and the area from Lake Worth to Jupiter

1988 REVIEW

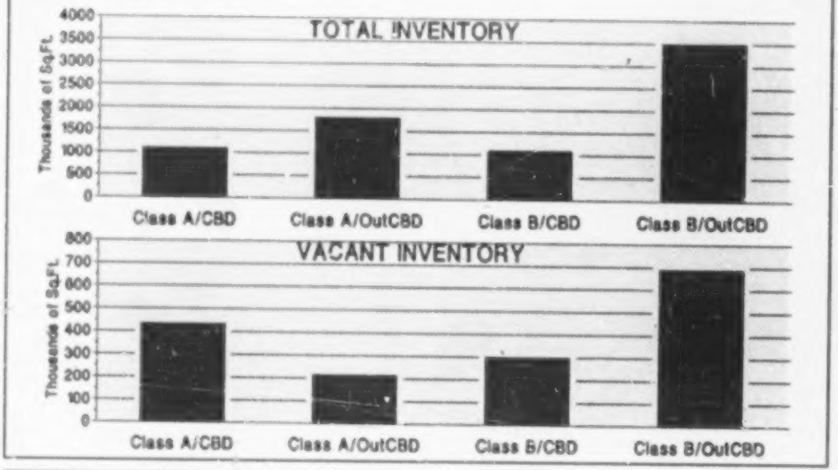
West Palm Beach, long the leader in the rate of growth, slowed some, but continued to see steady growth that was driven by population expansion. Commercial enterprises outside the defense industry created a demand for services and this segment grew to provide for the needs of the area. Employment opportunities attracted young workers, in fact the people between the ages of 18 and 45 constituted 62 percent of the total population of West Palm Beach County.

Demand for office space remained steady throughout 1988 and marked the return to absorption levels seen last in 1986.

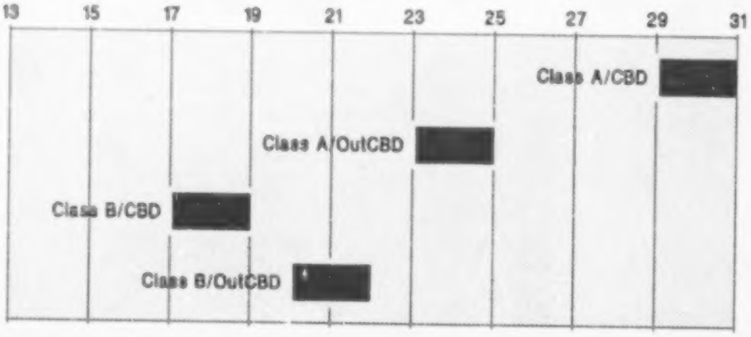
1989 FORECAST

Steady demand for office space, plus the lack of construction in 1988 will lead to an increase in speculative building starts during 1989. Most activity will be generated by the expansion of existing users and spin-off companies as well as the need to provide more services to support all the new activity.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
- Rental Abatement
- Lease Assumptions
- Additional Interior Improvements
- Equity Participation

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 445,900
RANK BY POPULATION: 86
POPULATION GROWTH RATE: 1.15%
UNEMPLOYMENT RATE: 4.6%
MEDIAN HOUSEHOLD INCOME: $27,554
RANK BY INCOME: 95
COST OF LIVING INDEX: 94.7
RANK BY COST OF LIVING: 63

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 1,290,000 sq.ft.
Class A/OutCBD: 620,000 sq.ft.
Class B/CBD: 3,394,000 sq.ft.
Class B/OutCBD: 1,405,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 172,000 sq.ft.
Class A/OutCBD: 112,000 sq.ft.
Class B/CBD: 596,000 sq.ft.
Class B/OutCBD: 375,000 sq.ft.

VACANCY RATES
Class A/CBD: 13.3%.
Class A/OutCBD: 18.1%
Class B/CBD: 17.6%
Class B/OutCBD: 26.7%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: Open

AVERAGE UTILITY RATES
CBD: $1.50-$1.75 per sq.ft.
OutCBD: $1.50-$1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $3.50-$4.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: n/a
Minor Activity: n/a

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

WICHITA: OFFICE

Market Area: Wichita Metropolitan Area

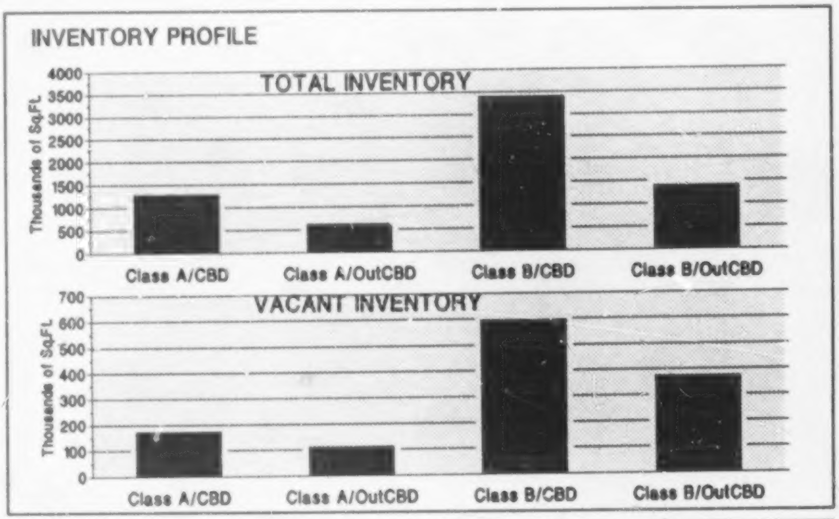
1988 REVIEW

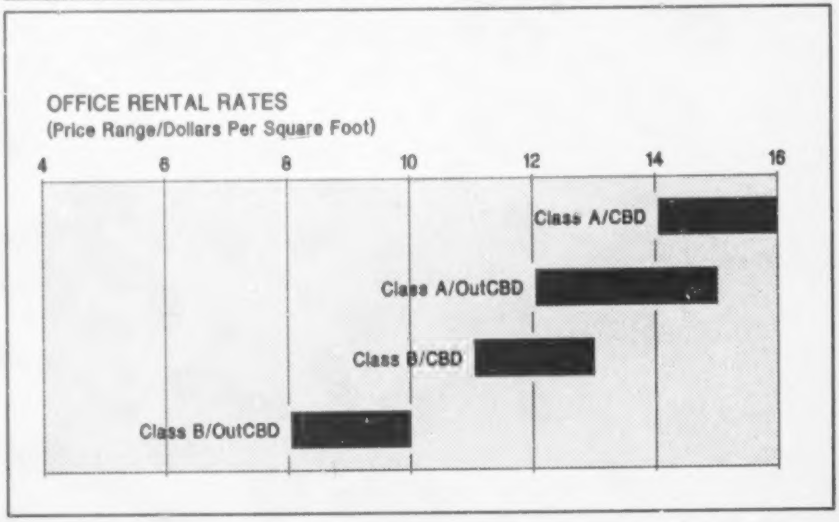
The office market in Wichita moved toward balance in 1988 as evidenced by declining vacancy rates. Only the vacancy rate for Class B buildings outside the CBD was higher than in 1987.

As a result of the high vacancies, lease prices for office space were stable, with Class A space in the CBD generally $14 - 16 per square foot, and Class B space in the suburbs generally $8 - 10 per square foot.

1989 FORECAST

SIOR respondents expect further improvement in the market in 1989, with absorption and construction both higher than in 1988, but with vacancies continuing to decline. The improved market will allow increases in rental rates of one to five percent, while fewer landlord concessions will be required.





TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Various Additional Concessions

RENTAL RATE DISCOUNT FACTOR: n/a

WILMINGTON: OFFICE

Market Area: Wilmington Metropolitan Area including New Castle County

DEMOGRAPHICS

POPULATION: 577,700
RANK BY POPULATION: 82
POPULATION GROWTH RATE: 1.30%
UNEMPLOYMENT RATE: 3.6%
MEDIAN HOUSEHOLD INCOME: $29,474
RANK BY INCOME: 46
COST OF LIVING INDEX: 107.5
RANK BY COST OF LIVING: 18

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 2,983,423 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 1,115,653 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY
Class A/CBD: 567,193 sq.ft.
Class A/OutCBD: 1,383,013 sq.ft.
Class B/CBD: 314,066 sq.ft.
Class B/OutCBD: 2,469,152 sq.ft.

VACANCY RATES
Class A/CBD: 19.0%
Class A/OutCBD: n/a
Class B/CBD: 28.2%
Class B/OutCBD: n/a

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 321,000 sq.ft.
Class A/OutCBD: 315,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION
Class A/CBD: 492,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $15-$16 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.50 per sq.ft.
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Stop: $4.50 per sq.ft.

LEASING ACTIVITY PROFILE
Major Activity: Insurance
Business Services
Sales
Finance/Banking
Engineering/Architecture
Minor Activity: Legal/Accounting
Government

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: n/a

1988 REVIEW

Nearly 500,000 square feet of competitive Class A office space was leased in the downtown Wilmington market in 1988. This was nearly 1/6 of the total Class A space in the CBD market, which made 1988 a very active year. Nevertheless, a 19.0 percent vacancy rate prevailed for class A space and a 28.2 Class B vacancy rate was reported.

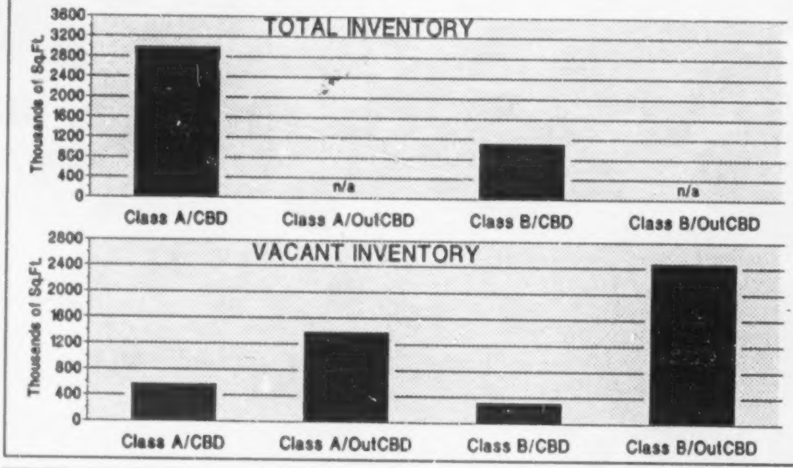
Rental rates for Class A space downtown were typically $20 to 22 per square foot, while Class B space outside the CBD rented for $14 to 16 per square foot.

1989 FORECAST

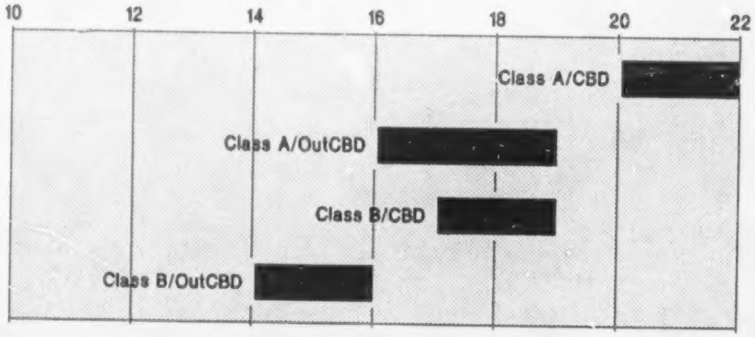
Expectations for 1989 are more conservative, with speculative development requiring at least a lead tenant before construction begins. Major chemical firms are accounting for the growth in suburban office space, while banking tenants are leading the CBD market.

SIOR respondents predict the market will exhibit fewer vacancies this year, leading to increased rental rates of one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

OFFICE SURVEY QUESTIONNAIRE

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
OFFICE REAL ESTATE MARKET SURVEY–1988 REVIEW/1989 FORECAST

READ CAREFULLY BEFORE FILLING OUT QUESTIONNAIRE: **This questionnaire must be received by the SIOR National Office by December 15, 1988** if your report is to included in the *1989 Guide to Industrial and Office Real Estate Markets*. For data compilation reasons, any surveys received after December 15, 1988 cannot be used.

Please type or print your answers clearly.
The individual reporter must be an active or affiliate member of SIOR.
Be sure to include both the individual's name and the firm's name.
If you have any questions, please contact:

Linda Nasvaderani
Society of Industrial and Office REALTORS®
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271 Phone: (202) 383-1138

IDENTIFICATION

Individual Reporter's Name ______	Other Reporter's Name ______
Firm Name ______	Firm Name ______
Address ______	Address ______
______	______
______	______
City ______ State ______ Zip ______	City ______ State ______ Zip ______
Business Phone ______	Business Phone ______

SIOR urges each reporter to provide some comments about their market area. Readers of last year's *SIOR Guide to Industrial and Office Real Estate Markets* indicated they really enjoyed the brief narrative about each market area that accompanied the data. Your specific comments will be incorporated into the 1989 report.

Comment on demand for office space (lease and/or sales): ______

Comment on new speculative development in 1989: ______

Comment on local/regional economy: ______

Comment on real estate market trends in your market area (e.g. user relocations or expansions, backfilling, foreign investment, move-up activity, office condos, etc.): ______

Other comments: ______

SECTION I: INVENTORY DATA

DEFINITIONS — PLEASE READ CAREFULLY

CBD — *Central Business District space located near the historical urban core commonly associated with traditional government and financial districts in most cities.*

OUTSIDE CBD — *Includes both suburban areas and "urban clusters" with area of high office space concentrations which often rival nearby CBD's.*

CLASS A — *Excellent location, high quality tenants, high quality finish, well-maintained, professionally managed and usually new, or old buildings that are competitive with new buildings.*

CLASS B — *Good location, professionally managed, fairly high quality construction and tenancy. Class B buildings generally show very little functional obsolescence and deterioration.*

1. **What is the total square footage of rentable** (vacant or occupied; ready for tenant finish) **space in your market area?** Do not include owner occupied space.

CLASS A	CLASS B
CBD ______________ sq.ft.	CBD ______________ sq.ft
OUTSIDE CBD ______________ sq.ft.	OUTSIDE CBD ______________ sq.ft

2. **What is the total square footage of rentable space that is vacant and available to lease?** (including sublease space)?

CLASS A	CLASS B
CBD ______________ sq.ft.	CBD ______________ sq.ft.
OUTSIDE CBD ______________ sq.ft.	OUTSIDE CBD ______________ sq.ft

3. **Of the above square footage, how much is presently available for sublease?**

CLASS A ______________ sq.ft.   CLASS B ______________ sq.ft.

4. **What is the total square footage presently under construction?** (Ground must be broken; do not include projects that are still in the planning stages.)

CLASS A	CLASS B
CBD ______________ sq.ft.	CBD ______________ sq.ft.
OUTSIDE CBD ______________ sq.ft.	OUTSIDE CBD ______________ sq.ft.

5. **What was the net absorption of office space in your market in 1988?** (Net absorption is the net change in occupied stock.)

CLASS A	CLASS B
CBD ______________ sq.ft.	CBD ______________ sq.ft.
OUTSIDE CBD ______________ sq.ft.	OUTSIDE CBD ______________ sq.ft.

SECTION II: RENTAL RATES

6. Please indicate the range of quoted gross rental rates in your market area. (Dollars per rentable square foot per year.)

CLASS A – CBD
☐ $14 - $16
☐ $17 - $19
☐ $20 - $22
☐ $23 - $25
☐ $26 - $28
☐ $29 - $31
☐ $32 - $34
Other: $________

CLASS A – OUTSIDE CBD
☐ $12 - $15
☐ $16 - $19
☐ $20 - $22
☐ $23 - $25
☐ $26 - $28
☐ $29 - $31
☐ $32 - $34
Other: $________

CLASS B – CBD
☐ $ 8 - $10
☐ $11 - $13
☐ $14 - $16
☐ $17 - $19
☐ $20 - $22
☐ $23 - $25
☐ $26 - $28
Other: $________

CLASS B - OUTSIDE CBD
☐ $ 8 - $10
☐ $11 - $13
☐ $14 - $16
☐ $17 - $19
☐ $20 - $22
☐ $23 - $25
☐ $26 - $28
Other: $________

SECTION III: LANDLORD CONCESSIONS

7. Are the following landlord lease concessions common in your market area today?

Parking	☐ Yes	☐ No
Rental Abatement	☐ Yes	☐ No
Lease Assumptions	☐ Yes	☐ No
Moving Allowance	☐ Yes	☐ No
Additional Interior Improvements	☐ Yes	☐ No
Signing Bonuses	☐ Yes	☐ No
Club Memberships	☐ Yes	☐ No

Other____
Other____
Other____

8. What is the cumulative affect of landlord lease concessions on gross rental rates?

☐ 0 - 5%   ☐ 6 - 10%   ☐ 11 - 15%   ☐ 16 - 20%   Other:________%

9. Please indicate the extent of leasing activity by various industries in your market area at the present time?

	Major Activity	Minor Activity	No Activity
Legal/Accounting	☐	☐	☐
Insurance	☐	☐	☐
Business Services	☐	☐	☐
Sales	☐	☐	☐
Finance/Banking	☐	☐	☐
Engineering/Architecture	☐	☐	☐
Government	☐	☐	☐
Energy	☐	☐	☐
Other____________________	☐	☐	
Other____________________	☐	☐	

SECTION IV: OTHER MARKET INFORMATION

10. Is the standard work letter (slab-to-slab) for CLASS A, first generation space in your market area typically . . .

☐ based on the quantity of materials? ☐ based on dollars per square foot?

In either case, what is the approximate dollar value of the standard work letter in your market area?

☐ **$8** ☐ **$10** ☐ **$12** ☐ **$14** Other:**$**__________

11. What parking ratios are common in your market area?

CBD ☐ 1 per 1000 sq.ft. ☐ 1 per 2000 sq.ft. ☐ 1 per 5000 sq.ft. Other:__________

OUTSIDE CBD ☐ 1 per 200 sq.ft. ☐ 1 per 400 sq.ft ☐ 1 per 600 sq.ft. Other:__________

12. What are average utility rates per square foot in your market area?

CBD $__________________per sq. ft.

OUTSIDE CBD $__________________per sq. ft.

Is space for lease typically separately metered? ☐ Yes ☐ No

13. How is operating cost escalation determined?

☐ Base year ☐ Stop

If stop, please specify: ______________________________________

SECTION V: OUTLOOK

14. What is the outlook in your market area for 1989?

	INCREASE					DECREASE			
Absorption	☐1-5%	☐6-10%	☐11-15%	Other_______%	☐ Same	☐1-5%	☐6-10%	☐11-15%	Other_______%
Construction	☐1-5%	☐6-10%	☐11-15%	Other_______%	☐ Same	☐1-5%	☐6-10%	☐11-15%	Other_______%
Rental Rate	☐1-5%	☐6-10%	☐11-15%	Other_______%	☐ Same	☐1-5%	☐6-10%	☐11-15%	Other_______%
Vacancies	☐1-5%	☐6-10%	☐11-15%	Other_______%	☐ Same	☐1-5%	☐6-10%	☐11-15%	Other_______%
Landlord Concessions	☐1-5%	☐6-10%	☐11-15%	Other_______%	☐ Same	☐1-5%	☐6-10%	☐11-15%	Other_______%

IMPORTANT

SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained. Information on your market area can be obtained from:

NAME: ______________________________ NAME: ______________________________

ADDRESS: ______________________________ ADDRESS: ______________________________

______________________________ ______________________________

______________________________ ______________________________

TYPE OF INFORMATION: ______________________________ TYPE OF INFORMATION: ______________________________

______________________________ ______________________________

______________________________ ______________________________